

Spain trade deficit reduced to lowest level in decade

BY ROBERT GRAHAM IN MADRID

SPAIN CLOSED 1978 with the smallest trade deficit in a decade, according to Customs figures just released here. The sharp reduction in the deficit, by just over 25 per cent, was attributed to a strong surge in exports and a reduced level of imports caused by sluggish domestic demand.

witnessed a substantial rise in agricultural exports, which jumped 34 per cent to Pta 35bn. Imports were affected by stagnant growth in the industrial sector. The sharp recession was reflected both in the 1.8 per cent drop in the volume of oil imports, which account for 26 per cent of the total import bill, and by the 1.4 per cent increase in machine imports. Iron and steel products fell back by 14 per cent.

Also this week the Bank of Spain announced that because of its strong reserve position the International Monetary Fund (IMF) has asked for accelerated repayment of £137m worth of special drawing rights—the residue mainly from funds provided under the IMF's oil facility in 1974 and 1975.

Dutch Navy to train women pilots

By Charles Batchelor in Amsterdam

THE Dutch Navy is to start training women pilots for its maritime reconnaissance aircraft. There are no plans though for women to take on combat roles in fighter aircraft or helicopters.

THE ECONOMIES OF EASTERN EUROPE

Winter imposes its diktat

BY LESLIE COLTIN IN BERLIN

The Czech Government appealed to industry not to organise special night or weekend shifts as this would only increase power consumption. Offices and factories began work at least one hour later to limit power use in the peak morning hours.

several East German mines were seriously flooded in August. One power station after the other had to reduce output as lignite supplies dwindled. Smelting furnaces in steel plants stopped operating for lack of energy and scrap metal, while production fell in every industrial sector.

Workers in the stricken brown coal mines responded to the Government's call to restore production with remarkable good spirits. They speak with genuine pride to Westerners about not falling "all those others who depend on us for their electricity heat and gas".

Livestock losses were heaviest in the large state and co-operative farms of East Germany, Poland and Czechoslovakia, where thousands of cattle, pigs and chickens are kept in sheds which were without heat for days, before generators could be set up by the army.

Italian parties harden positions

BY PAUL BETTS IN ROME

ITALY'S TWO largest parties, the Christian Democrats and the Communists, appear to be hardening their positions. This leaves little room for an eventual compromise to avoid an early general election following the collapse of the minority Christian Democrat Government of Sig. Giulio Andreotti.

In the face of the renewed outburst of political violence and continuing economic difficulties, most of the country's main parties claim to be against an early electoral confrontation. But it is unlikely that a lasting political compromise can be reached as long as the two leading parties maintain their current intransigent stand.

position increasingly undermined by extreme Left-wing factions and militant non-aligned union movements. These groups have accused the Communist Party of becoming increasingly conservative by collaborating with the Christian Democrats.

Genscher in hospital with heart trouble

By Jonathan Carr in Bonn

THE West German Foreign Minister, Herr Hans Dietrich Genscher, is in hospital with heart trouble and will be unable to attend a key congress of his Free Democratic Party (FDP) next weekend.

Prague misses growth targets

BY OUR VIENNA CORRESPONDENT

THE Czech economy last year failed to achieve its growth target and the party paper, Rude Pravo has warned that the present high standard of living can only be maintained through harder work and better utilisation of reserves.

Government has complained about the protectionist measures applied by Western countries against Comecon exports.

the "approximately 5 per cent" envisaged by the 1978 plan. National income this year should go up by 4.3 per cent and industrial output by 4.5 per cent.

Meagre results from Kreisky's Czech trip

By Paul Lendvai in Vienna

THE AUSTRIAN Chancellor Dr. Bruno Kreisky's two-day visit to Czechoslovakia last week has produced little to Austria's active co-operation above and beyond the planned targets in honour of the Republic's birthday.

W. German vehicle output rises

BY GUY HAWTIN IN FRANKFURT

WEST GERMANY'S motor industry production increased by 2 per cent last year, thanks mainly to domestic car demand. The commercial sector, for the second year running, saw sales slip by 6 per cent.

The year was weak for exports, with a 3 per cent slip in total overseas sales. While car exports dropped from 1,939m units to 1,904m cars and estate vehicles, the decline on the part of commercial vehicles was far steeper.

fulfilment of certain "one-off" contracts to the Middle East. Even so, the VDA contends that demand for West German commercial vehicles is stagnating, and that there is a declining trend noticeable in foreign orders.

\$125m Turkey loan signed

By Metin Munir in Ankara

A REVOLVING credit of \$125m backed by Turkey's agricultural exports has been signed between a group of international banks and Turkey's State-controlled agricultural bank, bankers here reported.

Portugal Socialists assail party

BY JIMMY BURNS IN LISBON

THE PORTUGUESE Socialist Party, the biggest parliamentary force, is in disarray, with its public prestige and credibility diminished and its party militants deeply divided.

newspaper A Capital—calls for "radical change in the internal and external image of the Socialist Party, which should begin with changes in its national executive."

subject of agrarian reform. Significantly, the document seeks to impress the party with the need to collaborate more closely with those political parties seeking a revision of the constitution.

France cracks down on Basques

BY DAVID WHITE IN PARIS

FRENCH AUTHORITIES clamped down yesterday on Spanish Basques suspected of using France as a base for guerrilla activities in Spain.

region between Bayonne and the border town of Hendaye, followed talks in Paris earlier this month between Sr. Marcelino Oreja, the Spanish Foreign Minister, and M. Jean Francois-Poncet, his French counterpart.

After the last attack, the French started turning back Spaniards from Basque border posts. The French moves are aimed at removing a certain sourness which the Basque problem has brought into relations between the two countries.

Danes foresee output rise

By Hilary Barnes in Copenhagen

DANISH INDUSTRY expects a substantial increase in production in the first quarter of this year, according to the Bureau of Statistics' business expectations survey.

Norway opposition leaders quit

BY FAY GJESTER IN NORWAY

THE LEADERS of two Norwegian opposition parties—the Christian Democrats and the Centre (Farmers) Party—have resigned.



1977 parliamentary elections. Meanwhile a threatened 72-hour strike by about 100 employees on Norway's Ekofisk field, which would have temporarily stopped oil and gas production, has been shelved for the time being to allow the Labour Party to rule on its legality.

Greek union rejects wage offer

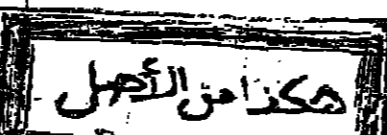
BY OUR ATHENS CORRESPONDENT

THE GREEK General Confederation of Labour (GGCL) has turned down an offer by the Federation of Greek Industrialists to pay a 14 per cent increase in minimum wages and salaries for 1979.

in working conditions as suggested by an International Labour Organisation report last year. In addition, the Confederation is asking for automatic increases scaled to the cost of living index.

from the present Dr7,500 (£164). As proposed, this 14 per cent increase would be paid in two stages—6 per cent from February and 8 per cent from June.

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Black will head the Ford Foundation

By John Wyles in New York

A BROOKLYN-BORN black lawyer, Mr. Franklin Thomas, has been appointed the next president of the Ford Corporation, perhaps the most important post in U.S. philanthropy.

Mr. Thomas, 44, will succeed Mr. McGeorge Bundy, the former national security adviser to Presidents Kennedy and Johnson, who has headed the U.S.'s largest and most influential foundation since 1966. He announced five years ago that he would retire this spring at the age of 60.

The choice of Mr. Thomas follows a year's search by a committee of seven trustees. The final decision was made last weekend, with Mr. Thomas apparently gaining the verdict over Dr. Richard Lyman, the president of Stanford University.

Mr. Thomas has been a trustee of the foundation since 1977 having previously been a deputy police commissioner and head of the Bedford-Stuyvesant Restoration Corporation from 1967 to 1976. The corporation was dedicated to the redevelopment of the Bedford-Stuyvesant area of Brooklyn and during Mr. Thomas's tenure it spent \$63m of private and public funds on job creation and the restoration of housing.

At the Ford Foundation Mr. Thomas will preside over assets of \$2.2bn and expenditure and grants which totalled \$160m in the last fiscal year. His appointment will undoubtedly make him one of the leading blacks in U.S. public life because the policies of the Ford Foundation tend to set the tone and direction for the smaller charitable trusts.

Under Mr. Bundy, the foundation's most positive development was its unequivocal support for civil rights projects. In the last five years it has seemed to lose some of its sense of direction partly because in 1973-74 lavish spending coupled with a stock market slide cut its assets from \$32.1bn to \$1.7bn.

Mr. Thomas says that there will be no wholesale shift of emphasis at the start of his presidency and he expects financing of international projects to continue.

Headaches for the media as the twain meet

BY JUREK MARTIN IN WASHINGTON



Jody Powell

IT IS EVIDENT from the first couple of days of the U.S. tour by Chinese Vice-Premier Deng Xiaoping (Teng Hsiao-Ping) that the Chinese still have a few things to learn about the American media.

The first cause for complaint is that no formal Press conference is on Deng's schedule.

He is due to hold a private meeting with regional editors in Houston and Seattle and has a session booked tomorrow with the principal television "anchormen." But the hurried masses of writing and electronic journalists deem this inadequate.

Mr. Jody Powell, President Jimmy Carter's Press Secretary, insists that efforts are still being made to work something out with the Chinese, but that it is not proving easy. Indeed, if one considers the parallel negotiations between Deng's party and the television networks, one can see why.

For a start, the Chinese committed the ultimate solecism in naming those they thought should interview Deng when they omitted the name of Barbara Walters, ABC's doyenne of the box, known universally in this country as Baba Walters because of her difficulties with the letter "r". Ms. Walters, however, states that she is not the least bit discomfited.

The next problem came with translation. The Americans

insist that, in order to stop viewers from falling asleep, there should be simultaneous translation of Deng's words. Not so, according to the Chinese, because the Chinese language is complicated and full of nuance: translation should be sequential, giving the interpreter adequate time to find the right words.

That issue is still in the air. So is whether the interview should be broadcast in full or presented in excerpts. Non-commercial television is willing to go along with the Chinese and give it the full treatment, but the commercial networks, mindful of breaks for advertising, do not like that solution.

The diplomatic journalistic corps, for its part, is clucking darkly about the fact that only a Press statement is to be issued, not a communiqué. Mr. Cyrus Vance, the Secretary of State, tried to explain this distinction by saying that the Chinese liked to issue communiqués only on very special occasions. Was not a momentous visit such as Deng's such an occasion? he was asked. Holist with his own petard, Mr. Vance grinned lamely.

Even the return of Mr. Richard Nixon to the White House has left the Press a bit frustrated. He has behaved with decorum and correctness, secreting himself in a country hideaway until just before Monday night's State banquet and declining to attend the gala performance of American arts afterwards. He had a few moments with Deng, Mr. Carter and selected guests before the dinner, but refused to comment on that event.

At dinner, he was placed discreetly below the salt, as it were, with one or two second-rank luminaries and the wife of the head of Pan-American Airlines. "He bubbled," Mrs. Seawell said later, but the babbling was private.

The guest list for the dinner provoked inevitable grones. The Congressional black caucus inspected it and pronounced its horror that no prominent American black had been invited.

The White House scratched its head and, lo and behold, Mr. Andrew Young, the Ambassador to the United Nations, who was

said to have declined to come previously because of a prior commitment, found himself eating roast veal as well. (The choice of a main course also presented a problem: the Congressional dining room staff had planned to serve veal to Deng and complained bitterly that the White House had failed to inform it of the duplication.) This is what is known as the Balkanisation of American society.

The Press has tried to have a little fun with Deng's height (he is barely 5 ft tall). The problem is how to convey a sense of the Vice-Premier's smallness without being insulting. There is a contest afoot for the reporter who can write the most without using the word "diminutive".

The Press also may be a wee bit embarrassed in that the disruptions caused at yesterday's opening ceremonies came from the Press stand—and from Maoists and supporters of the Gang of Four to boot.

In fact, the two people apprehended were accredited properly as representatives of The Worker, an organ of the Revolutionary Communist Party.



Deng Xiaoping

Monday night's brief street riot outside the White House was also the work of the Maoists, who in the end mustered almost as many demonstrators as those waving Taiwanese banners earlier in the day.

U.S. steel imports at record high level

Steel imports into the U.S. reached a record 21.13m tonnes last year, 9.5 per cent up on 1977, John Wyles reports from New York. With the U.S. steel market significantly stronger than the year before, imports appeared to have increased marginally their 17.8 per cent market share of 1977, despite the introduction of the Federal Government's trigger price mechanism, which was expected to reduce their share to between 12 and 14 per cent.

Imports in December totalled 1.37m tonnes, 34 per cent lower than the year before. The American Iron and Steel Institute attributed December's decline to lower shipments from the EEC—466,800 tonnes compared with 713,000 tonnes in November.

King's gift 'spent'

A gift of \$90,000 from King Khalid of Saudi Arabia to the police department of the debt-ridden city of Cleveland, Ohio, has been spent illegally by the administration of Mayor Dennis Kucinich, according to the president of the city council, AP reports from Cleveland.

Housing starts fall

U.S. housing starts will fall to 1.7m this year from over 2m in 1978 according to Mr. Robert McKinney, chairman of the Federal Home Loan Bank system. Martin Taylor reports. The FHLE system will regulate housing starts this year in line with the expected slowing of the economy.

Guyana strike

THE State-owned Guyanese bauxite industry was almost at a standstill yesterday as workers went on strike in protest at the dismissal of two workers, Mohamed Hamaludin reports from Georgetown. Guyana Mining Enterprise claims it has proof that the job performance of the men was below standard. The Trades Union Congress has been asked to intervene.

Uruguay devalues

The Central Bank of Uruguay yesterday devalued the peso to a buying rate of 7.18 pesos to the U.S. dollar and a selling rate of 7.30 pesos AP-DJ reports from Montevideo. It was the eighth devaluation this year.

Out of touch with Mexico

BY WILLIAM CHISLETT IN MEXICO CITY

THE STATE of Oaxaca epitomises underdeveloped Mexico. Seven times as many people live in Mexico City (14m) as in this poverty-stricken southern state and the way of life for many, particularly the pure Indians, has changed little since the Spanish conquest.

There is little talk here of Mexico's booming oil production and the changes which the petrodollars may bring. This is partly because there is no oil in this part of Mexico, but more because Oaxaca is out of touch with the outside world.

Television, a small supply of national newspapers and the thousands of tourists who flock to view the pre-Columbian ruins and admire the beautiful central square of Oaxaca, the state capital, are the only real link with the outside world.

Indigenous

Communication is difficult for the Spanish-speaking population, but it is virtually impossible for those who only speak one of the 15 indigenous languages. Twenty per cent of the 2m population do not speak Spanish, according to the latest census in 1971. A million people speak just Spanish, 400,000 Spanish and an Indian language,

like Zapoteca, and the remaining 400,000 need an interpreter or sign language to talk to their Spanish-speaking compatriots.

Tourists practising their broken Spanish will often find they are not understood as they try to bargain in the markets for handicrafts and colourful rugs, hand-woven by Indian girls.

The Indian languages are not alike. Thus, communication is often impossible between villages on the borders of different regions (there are seven in the state), and violence has erupted between neighbouring villages.

The people still live in huts thatched with palm leaves and sleep in hammocks. The donkey is still their most common transport, and their dress—including, in some areas, hollowed gourds worn as hats—has changed little.

The Indian women wear their hair plaited with ribbons and wound around their heads. In villages by the Pacific coast,

some people have distinct African features; they are descendants of an African tribe shipwrecked last century on their way to the Philippines.

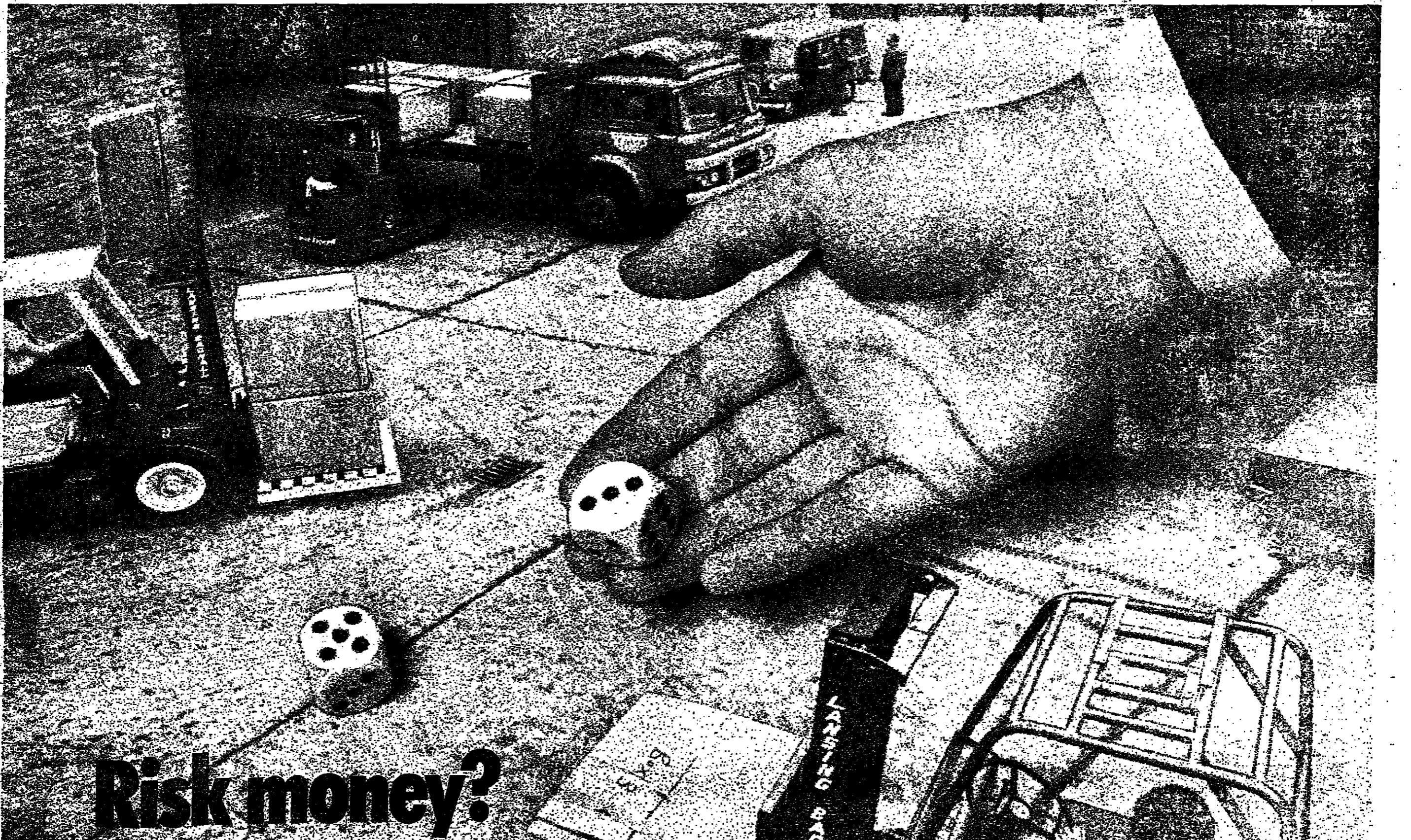


The women go barebreasted and the men carry machetes as if they were extensions of their arms. Oaxaca, with such neighbour-

ing states as Guerrero, is precisely the kind of area where the Government hopes to use oil money to improve the lot of the poor. Many of the 1,000

Pope John Paul spoke to 250,000 peasants in Oaxaca state on Monday, choosing the theme of the poor and their plight, and urging reforms to improve the lot of the landless and the downtrodden.

people a day who arrive in Mexico City from the countryside, swalling the capital's population to unmanageable levels, come from Oaxaca.



Risk money?

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OVERSEAS NEWS

Iran ready to welcome Khomeini as army opposition to arrival fades

BY SIMON HENDERSON IN TEHRAN

IRAN IS preparing to welcome Ayatollah Khomeini, the exiled opposition religious leader...

himself remaining in power and the Ayatollah purely looking after the religious welfare of the nation.

down the building was only narrowly avoided. The incident began when a black American believed to have been working with the local security forces...

Britain, meanwhile, has decided to use RAF transport aircraft to evacuate some of its nationals from Tehran because of fears of increased internal disorder...

Israel blows up guerrilla homes

ISRAEL YESTERDAY blew up the homes of four West Bank residents accused of guerrilla activity and has ordered the deportation of one student in a toughening of its policy towards the Palestinians of the occupied territories.

Khmer Rouge regains two towns

BY RICHARD NATIONS IN BANGKOK

FORCES LOYAL to Pol Pot have lodged large-scale counterattacks in the past week, unexpectedly wresting control of at least two major provincial towns from the Vietnamese in Cambodia.

Vietnamese units in Kampong Chhnang and Battambang, major provincial capitals north-west of Phnom Penh along Highway 5.

Other reliable reports confirm that the Khmer Rouge have established two military headquarters with tactical units in the field and co-ordinate operations.



Gandhi seat vacant

India's election commissioner ruled yesterday that the expulsion of former Prime Minister Mrs. Indira Gandhi from Parliament last month meant that her seat in south India was vacant.

Ba'ath dispute strains unity bid

BY ROGER MATTHEWS

SYRIA AND IRAQ, bitter foes for over a decade, have shown at a three-day summit here that they still have a long way to go on their path to unity.

economic relations, foreign policy, cultural and information activities. However more substantial results will depend on the progress that is made on resolving the Ba'ath party difference.

ing the Baath Party, whose rival factions rule in the two neighbouring Arab states. The party split was largely responsible for a decade of hostility between Damascus and Baghdad which was brought to an end when they signed a charter of cooperation last October and decided to move on the road to full union.

Pakistan fiscal study

Pakistan's military ruler General Zia-ul-Haq has ordered the creation of a national finance commission by next month which will make recommendations on the balance of fiscal powers between the country's central and provincial Governments.

Japanese protest

Japan yesterday said it would protest to the Soviet Union over a buildup of armed forces on northern Pacific islands claimed by both countries.

Eurafrique

ON DECEMBER 10 the Johannesburg Sunday Times carried an interview with Mr. Stuart Pegg, which gave the impression that the South African Department of Information controlled the French monthly magazine Eurafrique.

UAE plans for downstream industry

THE FINANCIAL TIMES conference on business in the Gulf opened at the Grosvenor House Hotel yesterday at a time when the Iranian crisis has made many businessmen nervous about prospects in the area.

of the performance of heavy industry in the Gulf was pessimistic. The availability of raw materials, and particularly the input of gas and oil, was not questioned, but he said the prospects for revenue from industry replacing or supplementing oil revenues was far more limited.

As the countries of the Gulf and Saudi Arabia tried in future to find markets for their downstream industries the sale of crude oil could be linked to purchase of industrial products regional fund in the area.

Only \$800m was committed but this had now gone up 21 times and some \$6bn was committed by the six funds now operating.



President Amin

Tanzanian attacks add to Amin pressure

By Our Nairobi Correspondent

UGANDAN PRESIDENT Idi Amin, facing a determined effort to topple him by his Ugandan opponents and the Tanzanian army, is under the heaviest pressure since he came to power eight years ago.

Fighting has been going on since last October along the Uganda-Tanzania border, west of Lake Victoria. The Ugandans claim that Tanzanian forces, who started a new push last week, are now moving inside Uganda.

Both sides are playing down the role of the anti-Amin Ugandans in the current confrontation. But the recent call by ex-President Milton Obote, the man Mr. Amin toppled in 1971, for a revolt in Uganda has greatly encouraged dissent inside Uganda and has alarmed the regime.

The protracted campaign on the border is also lowering morale among soldiers, and Dar es Salaam radio is broadcasting nightly programmes in Luganda, the language spoken in Southern Uganda, attacking President Amin and encouraging revolt.

There has been no direct rebellion in the Uganda army, but President Amin is worried, and has ordered the immediate arrest of personnel suspected of disloyalty.

Both the Ugandan and Tanzanian armies are fairly evenly matched in strength and firepower, but the Ugandans have shorter and more manageable lines of communication to the border area.

Ugandan forces occupied 710 square miles of Tanzania for two weeks in November, but then withdrew in response to strong pressure on President Amin from the Organisation of African Unity (OAU) and from many African leaders.

Since then, the Ugandans do not appear to have crossed the border, apart from some local skirmishing. But the Tanzanians have crossed into Uganda several times, and the Tanzanian policy is to keep up the attacks on President Amin with the aim of bringing him down.

Algeria's army keeps tight grip over choice of new President

BY SUSAN MORGAN IN ALGIERS

SPECULATION continued yesterday over the candidate to be nominated as President of Algeria in succession to Houari Boumedienne. As more than 3,000 National Liberation Front (FLN) delegates remained locked in secret debate for the fourth consecutive day, it became clear that the army is playing a dominant role.

report of a speech by him yesterday and he is widely expected to hold an important post in the new Government.

The man most widely favoured to succeed is Colonel Benjedid Chadli, aged 49, military commander of Oran and, since President Boumedienne's death in December, acting chief of staff of the army. He is considered to be the army's candidate after deadlock was reached between supporters of Mr. Abdelaziz Bouteflika, the Foreign Minister, and more radical army elements backing Mr. Mohammed Yahiaoui, the administrative head of the party.

Yahiaoui's candidature is said to be opposed by the army who consider him too left-wing although he has the support of organisations and the media. The official newspaper, El Moudjahid, carried a two-page

probably undeserved, of being too pro-American. Benjedid Chadli enjoys considerable prestige within the army and is considered a moderate though with a limited political background.

One of the most significant elements since Boumedienne's death has been the preponderant role of the army. Not only is the army's candidate likely to become President, but a large majority of Government posts are also expected to go to the military.

BOND DRAWINGS

IRELAND 7% Sterling/Deutsche Mark Bonds 1981

S. G. WARBURG & CO. LTD., announce that Bonds for the nominal amount of £582,000 have been drawn in the presence of a Notary Public, for the redemption instalment due 1st March, 1979.

Table with columns for bond numbers and amounts, including sections for £500 Bonds and £100 Bonds.

On 1st March, 1979 there will become due and payable upon each Bond drawn for redemption, the principal amount thereof, together with accrued interest to said date at the office of:-

S. G. WARBURG & CO. LTD., 30, Gresham Street, London, EC2P 2EB.

Interest will cease to accrue on the Bonds called for redemption on and after 1st March, 1979 and Bonds so presented for payment must have attached all coupons maturing after that date.

£1,180,000 nominal amount of Bonds will remain outstanding after 1st March, 1979.

Table showing bond drawings for 1st March, 1973, 1st March, 1974, 1st March, 1976, 1st March, 1977, 1st March, 1978, and 1st March, 1979.

On 1st March, 1979 there will become due and payable upon each Bond drawn for redemption, the principal amount thereof, together with accrued interest to said date at the office of:-

S. G. WARBURG & CO. LTD., 30, Gresham Street, London, EC2P 2EB.

Interest will cease to accrue on the Bonds called for redemption on and after 1st March, 1979 and Bonds so presented for payment must have attached all coupons maturing after that date.

U.S.\$7,100,000 nominal amount will remain outstanding after 1st March, 1979.

The Bond No. 8541, drawn for redemption 1st March, 1977 has not yet been presented for payment.

30, Gresham Street, London, EC2P 2EB. 31st January, 1979

CASSA PER IL MEZZOGIORNO 6% Guaranteed Bonds 1985

S. G. WARBURG & CO. LTD., announce that the redemption instalment of U.S.\$1,200,000 due 1st March, 1979 has been met by purchases in the market to the nominal value of U.S.\$247,000 and by a drawing of Bonds to the nominal value of U.S.\$953,000.

Table with columns for bond numbers and amounts, including sections for 11500, 11600, 11700, 11800, 11900, 12000, 12100, 12200, 12300, 12400, 12500, 12600, 12700, 12800, 12900, 13000, 13100, 13200, 13300, 13400, 13500, 13600, 13700, 13800, 13900, 14000, 14100, 14200, 14300, 14400, 14500, 14600, 14700, 14800, 14900, 15000.

On 1st March, 1979 there will become due and payable upon each Bond drawn for redemption, the principal amount thereof, together with accrued interest to said date at the office of:-

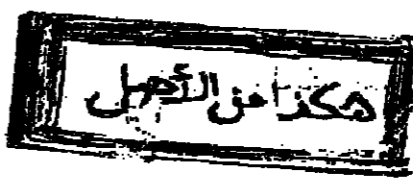
S. G. WARBURG & CO. LTD., 30, Gresham Street, London, EC2P 2EB. 31st January, 1979



from these oil states. That clearly posed political problems. Dr. Jawad Hashim, president of the Arab Monetary Fund, spoke of the rapid development of the Arab and Islamic funds since 1971. At that time, he pointed out, there was only one



30, Gresham Street, London, EC2P 2EB. 31st January, 1979



New EEC pressure on Japan to cut trade imbalance

BY CHARLES C. HANSON IN TOKYO

THE HEAD of the European Community's delegation in Japan, Mr. Leslie Fielding, estimated yesterday that the EEC trade deficit with Japan in 1978 grew by 20 per cent over the previous year.

In his first public speech since arriving in Tokyo, given before the European Chamber of Commerce, he said it was not yet evident that a major and lasting turnaround in Japan's trade imbalance with the EEC had been achieved.

Mr. Fielding's speech indicated that the EEC in forthcoming high-level talks with Japanese officials, will again press Japan to increase its imports of European goods. The more evenhanded than the strong criticism of Japan for running a large surplus during periods of strained relations in 1977 and 1978.

Mr. Fielding, who took up the Tokyo post last year, emphasised that the background against which the talks will take place is still rather troubled.

There was what amounted almost to a "credibility gap" on trade matters between Japan and the EEC, and the Commission tended to be sceptical of Japanese assurances because of

over-optimistic claims which were not achieved in the past, he said.

Mr. Fielding's estimates for the growth of the EEC deficit with Japan compares with Japanese statistics which put the increase at 21 per cent in dollar terms (actually down 14 per cent in yen terms). He put the EEC deficit with Japan at \$8.2bn, against \$5.2bn in 1977. The Japanese figures show a \$5bn deficit for 1978 against \$4.5bn in 1977, on a customs clearance basis.

He noted that the rate of increase in the deficit had slowed from previous years and said that the rise in the value of the yen and other measures by the Japanese Government may have started a process of change which will lead to a lessening of the Community's deficit in 1979.

Mr. Wilhelm Haferkamp, vice-president of the EEC Commission for external economic affairs, will arrive in Tokyo in three weeks accompanied by Sir Roy Denman of the Commission for political-level talks on trade, with Japanese officials. The talks will be continued this spring at the regular high-level consultations, with Sir Roy heading the EEC delegation.

Italians to use Soviet nuclear technology

By Rupert Cornwell in Rome

AGIP NUCLEARE, the atomic arm of the ENI State controlled energy group last night announced agreement for the use of Soviet technology for nuclear fuel processing between 1980 and 1982 in a contract worth about L10bn (\$5m).

According to the deal between AGIP and Technoport, the Soviet agency which handles nuclear processing exports, the Italian company will be able to convert uranium concentrate into uranium hexa fluoride. Quantities, however, were not specified.

The agreement is an extension of the long-term pact for the supply of Russian enrichment technology to Italy, and is likely to fit into the overall economic co-operation programme for the next decade which the two countries are now formalising.

AGIP Nucleare is the company which has been given overall responsibility for all phases on the nuclear fuel cycle under the substantial, but largely stalled, programme of nuclear power stations designed to reduce Italy's dependence on imported oil.

Russian shipping threat seen as ineffective

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

RUSSIA'S counterattack against what it sees as discrimination against its merchant fleet by the Common Market countries and the U.S. was dismissed yesterday in European shipping circles.

The measures, announced through the Tass news agency, involve permission for the Soviet Ministry of Merchant Marine to "establish control" over Russian interests wishing to charter ships from the offending countries and for Ministerial powers to cancel commercial agreements between Soviet and foreign shipping enterprises.

The move is clearly designed as retaliation against the EEC, which last year agreed to monitor certain shipping routes as a first step towards curbing the Soviet fleet's undercutting of rates, and against the U.S., whose 1975 Ocean Shipping Act has recently been used to ban

certain Russian vessels from U.S. ports.

No official communication about the measures had been received in London yesterday and there was no official comment.

Shipowners and officials said, however, that the activation of the counter-measures would have a more serious effect on the Russian economy than on those countries against which they were aimed.

Soviet chartering of Western ships, which takes place on a considerable scale, is confined mainly to the letting through the international exchanges of bulk carriers for the movement of grain.

Brokers feel that the Russians make extremely judicious use of these markets to supplement their own fleet at the lowest possible cost and that to restrict the countries from which they are prepared to charter would simply cost them more money.

Developing countries plan own multilateral trade negotiations

BY BRIJ KHANDARIA IN GENEVA

AS THE Tokyo Round of trade negotiations progress slowly, developing countries have already begun to look forward to separate multilateral trade negotiations of their own.

For developing nations, the Tokyo Round seems to be shaping up to a deal that falls well short of their earlier hopes, but there is growing determination that none of the gains should be squandered through lack of foresight and co-ordination among themselves.

Harassed by economic troubles the developed nations are driving hard bargains, even though some of them might have wanted to show greater flexibility and generosity when the Tokyo Round began five years ago.

Despite earlier optimism, the part of the Tokyo Round dealing with agriculture-based tariff cuts is going through turbulent times, although the part dealing with removal of non-tariff barriers to trade seems to have progressed better than expected.

But to several developing country diplomats the writing on the wall seems clear. The new General Agreement on Tariffs will once again favour a faster growth of trade among developed countries than between developing and developed nations.

The solution they offer is a much stronger push for co-operation among developing nations themselves, and particularly among the worst off and the slightly better-off. The slightly better-off developing nations may not be able to offer high technology or cash aid to their poorest colleagues, but they can offer more, fairer, and constantly growing trade opportunities.

Just as the U.S. and the Common Market seem to be obsessed with their own problems, ignoring the needs of others, developing nations may be getting bogged down in north-south manoeuvring without thinking about putting their own houses in order.

A common argument offered to explain the frustration of developing nations in relations with the developed world is that they bargain from a position of weakness. As a result they are constantly seeking more than they are able to offer.

More orderly and rational trading among developing nations themselves would greatly increase the bargaining power of the group as a whole, while at the same time building links of economic inter-dependence similar to those that have brought prosperity to the developed countries as a group. This is the reasoning behind arguments for a multilateral trade negotiations among developing nations after the Tokyo round.

\$92m loan for Pakistan

BY IQBAL MIRZA IN KARACHI

SAUDI ARABIA has agreed to provide a \$92m (£46m) loan to Pakistan. The amount will be provided by the Saudi Fund for Development for setting up the Pipri thermal power project near Karachi.

This is the largest single loan ever provided by Saudi Arabia to any country, officials here said. It is also the single largest multilateral loan ever received by Pakistan for a project.

Official sources said that Sheikh Zaid Bin Sultan al Nahyan, president of the United Arab Emirates and Ruler of Abu Dhabi, has also made a grant of \$20m for social welfare and economic development programme in Pakistan. The U.S. has also signed a loan agreement for \$40m to help Pakistan finance the importation of wheat and vegetable oil, according to an official announcement.

Fokker study for new aircraft

AMSTERDAM — Fokker-VFW programme and the decision whether to proceed with the Super F28, successor to Fokker's existing F-28 Fellowship, can be expected in the third quarter of 1979, it said in a statement.

The two-engine aircraft would be brought onto the market around 1985.

Sharp rise in inspection work by Crown Agents

BY LORNE EARLING

THE CROWN AGENTS, who recently stepped up their efforts to secure inspection work on exports world wide, carried out 26 per cent more engineering inspection during last year than in 1977.

Supplies to the value of £184m were inspected by the Crown Agents at home and abroad during last year, with more than 50 per cent of that taking place in the U.K.

In line with increased activity abroad, there was a large increase in the amount of inspection work carried out in India, which accounted for 22 per cent of all inspection work at a value of £40m compared with £4.4m in 1977.

Substantial work was carried out in the Far East and South-East Asia (19 per cent), while Europe and elsewhere

accounted for the remainder.

The value of orders placed, £216.7m, was an increase of 11 per cent over 1977 (£195.4m). Transportation equipment again led the way, followed by telecommunications with £25.1m, and electrical power equipment at £20.5m.

The balance was made up of a wide range of general items including medical supplies, engineering plant, waterway equipment and structures, security printing, and uniforms and equipment for security forces.

More than 84 per cent of the orders were placed in the UK (an increase of 6 per cent), 28 per cent of which arose from tied British loans. Seven per cent went to EEC countries, and the remainder was shared among S.E. Asia, Japan and North America.

Rolls-Royce in Brazil venture

ROLLS-ROYCE and the French company Turbomeca have signed an agreement setting up a joint company in Brazil, called Rolls-Royce/Turbomeca do Brasil, to maintain and overhaul aero-engines from both companies in Brazil, Michael Dunne writes.

One of the first engines to be involved in the new venture will be Turbomeca's Arriel, which powers the French Ecureuil and Dauphin Type 365 helicopters. It will be assembled, tested and overhauled in Brazil.

It is also intended to invite Brazilian engine component manufacturers to share with Rolls-Royce and Turbomeca in developing Brazilian aviation and industrial gas-turbine engine markets.

Turkey acts to save foreign cash reserves

By Metin Munir in Ankara

IN A desperate effort to economise on use of its limited foreign currency reserves, Turkey's Ministry of Trade has banned the importation of certain "luxury" items including instant coffee and classical music records.

Other items, banned on grounds that they can be considered luxury owing to the present economic crisis, are gold pen nibs, window panes, drawing paper, posters, pianos, guitars and speedboat engines.

But it is likely that the savings made from banning these items will not amount to more than a few million dollars since few of them are imported.

Dutch suspend Iran cover

By Charles Batchelor in Amsterdam

THE NETHERLANDS Credit Insurance Company (NCM) has suspended the granting of credit cover on trade with Iran. The NCM, a privately owned company which works closely with the Ministry of Finance, has informed its clients that Iran had begun to default on payments due to Dutch companies and it was suspending cover, a spokesman said.

1,000th DC-9 to KLM

Royal Dutch Airlines (KLM) has ordered two McDonnell Douglas DC-9 Series 30 Twin-jets for delivery in 1980 with options for two more. The order is subject to approval by the Dutch Government. McDonnell Douglas say the two aircraft are the 999th and 1,000th DC-9s ordered since the beginning of the Twin-jet programme.

N. Zealand enters Pacific air fares price battle

BY DAI HAYWARD IN WELLINGTON

THE INTERNATIONAL airline battle for a bigger share of the lucrative Pacific passenger market continues to occupy airlines operating on the route, and New Zealand has now joined in.

Earlier in January Qantas created a fierce by slashing air fares between Australia and the U.S. The new low fares were exclusive to Qantas and Pan America airlines. Air New Zealand was shut out—a decision which will cost it several million dollars in lost passenger business from Sydney to Los Angeles.

The Australian Minister of Aviation, Mr. Nixon, received heavy criticism both from inside and outside Australia for the decision to make the new low price fares exclusive to Qantas and Pan America. Five other Asian countries affected threaten retaliatory action against Qantas.

However, despite suggestions Qantas might be denied landing rights, no retaliatory action was taken until this week. Air New Zealand has now introduced its own cut-

price air fares across the Pacific from Auckland to Honolulu and Los Angeles. With a NZ\$458 return fare it has slashed NZ\$188 from the current budget fare. Air NZ has also encouraged greater travel to and from the South Island by making additional cuts in the Christchurch-Los Angeles fares which come down by NZ\$252.

This is intended to step up American tourist traffic to the South Island which often misses out on international package tours. The new low fares which are subject to approval by the NZ and U.S. Governments are due to come into effect on February 15. It is unlikely that either Government will object to the new fares.

The American Continental Airlines, which is due to start a new Pacific service to New Zealand later this year, also wants to introduce special low-price fares. So far it is still talking to New Zealand Government and Air New Zealand officials but it seems likely that Continental will be allowed some reductions.

Is this really the best way to do business?



Many people still believe that the personal touch is the only way to do business.

Compared with the phone, however, it has its handicaps. A customer in the hand is almost certainly more expensive to service than one handled via bush telegraph.

Travel costs have doubled over the last five years, oil crises being largely to blame. Hence, it makes sense wherever possible to keep staff at their desks.

Let the telephone take care of the running around.

It helps to increase the efficiency of your business.

It doesn't get caught in the traffic.

Doesn't get lost.

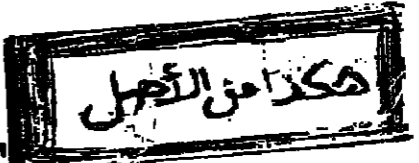
Doesn't take four weeks holiday a year.

The trouble is, the penny still hasn't dropped with many companies.

Has it, with you?



We're here to help you.



Callaghan rules out freeze on wages

BY IVOR OWEN

THERE IS NO question of the Government imposing an immediate wage freeze, the Prime Minister assured the Commons yesterday. But he insisted that the settlement achieved by the lorry drivers' strike, estimated to be in the region of 20 per cent, must not become the new "norm."

"A wage freeze" at this stage, in the current wage round, maintained Mr. Callaghan, would be unfair to the many workers whose claims had not been settled or, in some cases, even submitted.

But he refused to reprove Mr. William Rodgers, the Transport Secretary, for saying in a week-end speech that there was now a respectable case for a wages and prices freeze.

This was seen by Mrs. Margaret Thatcher, the Opposition leader, as a breach of the doctrine of Cabinet collective responsibility—a view shared by Mr. Dennis Canavan (Lab., Stirlingshire W.), who called for Mr. Rodgers' dismissal.

The Prime Minister preferred a more tolerant approach. Mr. Rodgers, he said, had merely been explaining that past history showed that unbridled wage settlements had led to wage freezes.

"But the Government has no intention of imposing a wage

freeze, certainly not at this period of the wages round."

When Mrs. Thatcher pressed the issue of Cabinet collective responsibility, Mr. Callaghan contended that Ministers were entitled—certainly in circumstances like this—to put forward considerations which would instruct, guide and inform public opinion.

Ignoring signs of restiveness from the Labour back benches, Mr. Callaghan said: "It is our intention to ensure that we get settlements as close as possible to the Government's acknowledged view that 5 per cent is right."

"The closer we get to that, the less will be the prospect of inflation."

Mr. David Steel, the Liberal leader, asked how the Prime Minister could go on talking about 5 per cent after lorry drivers in the South-west had secured 21 per cent.

He argued that, in the absence of adequate proposals from the trade unions, Parliament would have to lay down the framework for a statutory wages and prices policy.

Mr. Callaghan said that the Government had put forward a guideline. It was not involved in negotiations between trade unions and employers.

"If everybody averages 15 per

cent they will be no better off than if they had averaged 5 per cent. That is a simple fact."

He again ruled out a return to a statutory incomes policy and commented that past experience had shown that the imposition of a wage freeze had been no more successful than periods of free collective bargaining.

"The plain truth is that neither solution is acceptable. Therefore, we have got to practise a little self-discipline in this country."

Mr. John Pardoe, the Liberal spokesman on economic affairs, asked if the Prime Minister had meant to imply that a wage freeze might be appropriate at a later stage in the wage round.

"If there is going to be a wage freeze to save us from inflation, better sooner than later—otherwise the going rate will be 20 per cent."

Mr. Callaghan emphasised that an immediate wage freeze would be extremely unfair to those workers who had yet to make settlements in the current round.

But he acknowledged the danger of the Government's "norm" being repudiated and then re-defined as "the going rate." That was something which the Government had got to set its mind against.

Inflation warning to arts

By Richard Evans, Lobby Editor

THE Prime Minister promised more Government money for the arts yesterday but added a warning that it was essential to beat inflation if the arts were to flourish.

Mr. Callaghan, speaking at the Evening Standard drama awards lunch at the Savoy, said he rejoiced that the Government had provided financial support on an ever increasing scale which had reached £94m this year.

"Of course, most of you would like more and there will be an increase when Mrs. Shirley Williams announces the grants for 1978-79 for the Arts Council and other bodies," he added.

Mr. Callaghan believed the Government had done well in giving finance for the arts a high priority in public expenditure. This backing had helped to put the country into the front rank of artistic achievement.

But the problem of inflation concerned people in the arts as much as it concerned the Government. "Many of the theatre's difficulties arise from what inflation has done to your operating costs and to the pockets of the audience."

"Only when inflation is mastered can you be sure that your patrons will have the money to buy seats at the price that covers your costs."

He argued that, by what had already been done to reduce inflation, the Government had struck a major blow for greater stability for the theatre. But if costs spiralled again, the theatre would suffer—perhaps disproportionately.

Ready though the Government was to help the arts, it would not have the means to do so in these circumstances.

Tories hope to abolish married men's tax aid

BY DAVID FREUD

ABOLITION of the married man's tax allowance was proposed yesterday as a way of ending tax discrimination against wives.

A report by a Conservative-backed committee on women and tax concluded that the range of allowances for single people, married men and wives should be ended and a uniform tax allowance introduced for all adults, regardless of marital status.

Miss Shelagh Roberts, chairman of the committee and leader of the GLC's planning and communications policy committee, said this would ensure that wives were regarded as individuals and not as possessions of their husbands.

The report said the new

allowance should be set midway between the wife's allowance—currently equivalent to the single person's—and the married man's allowance. This would mean that no married couple would be worse off, and since the allowance would be transferable between husband and wife, couples where the wife did not work would be much better off.

The proposals would mean a 28 per cent rise in the current level of the single person's tax allowance—costing the Exchequer an estimated £0.9bn, or 5 per cent of the income-tax in the current financial year.

Miss Roberts said that the proposal would be very costly to introduce and would have to

be phased in over several years. However, the committee felt that making women independent entities for tax purposes was of overriding importance.

The report also said that tax on investment income should be treated on the same individual basis, with husbands and wives receiving the same threshold of surcharge-free investment income on his or her marginal rate.

Mortgage interest tax relief should be the subject of agreement between husband and wife, with the lender confirming who is making the payments in cases of dispute.

Women and Tax, published by W.N.A.C. Conservative Central Office, 33 Smith Square, London, S.W.1, 25p.

Strikers' benefits defended

A DEMAND that the Government should stop paying supplementary benefit to the families of strikers was firmly rejected in the Commons yesterday by Mr. Stanley Orme, Minister for Social Security. He said that for the 11 months up to November 1978, £3.1m had been paid out in such benefits.

Mr. Michael Brotherton (C. Louth), described this as a gross waste of public money. But Mr. Orme argued that it was not right that families should suffer.

MOORS MOVE: Exemption from Capital Transfer Tax is likely to be granted to owners of land on Exmoor which is covered by a moorland conservation order, Mr. Denis Howell, Environment Minister, said.

CREDIT UNIONS: A Bill legislating for credit unions was published yesterday. Its provisions are virtually the same as the draft Bill published in July last year, which followed closely the provision of existing Northern Ireland legislation on credit unions.

PENSION PROMISE: The Government remained committed to introducing legislation to give recognised trade unions the right to nominate up to 50 per cent of the trustees of a body managing an occupational pension scheme, said Mr. Stanley Orme, Social Security Minister.

MORE CASH: A £3m increase in the cash limit for industrial and commercial investment in new towns was announced. Mr. Peter Shore, Environment Secretary, said the revised cash limit for the investment would be £62.8m.

PM stars in drama over pay

BY PHILIP RAWSTORNE

FRESH FROM the national drama awards, Mr. James Callaghan yesterday made a confidently-staged appearance in the Commons.

The Prime Minister was back in his leading role—producer-director, actor-manager, and scene-shifter.

A Government one-man band whose performance, he sighed, deserved a more receptive audience than the querulous rows of Tories.

But Mr. Callaghan shrugged aside the bouquet of sympathy proffered for his "impossible task" trying to please all the critics.

Viewed with a little historical perspective, the Government's production problems looked far from intractable. "A great belief in the British people will enable us to come through," he declared.

Besides, hadn't he commissioned the TUC and various Ministers to rewrite the disastrous act that had been running for the past few weeks?

A whole new scene, Mr. Callaghan promised hopefully—and quickly.

Labour MPs, like Mr. Ron Thomas, who complained of recent hysteria on the television screens and in the newspaper columns, looked suitably impressed.

Even Mr. Evelyn King, a Tory sceptic, was dismayed by the Prime Minister's recognition that the Government's actions must avoid both provocation and political cowardice.

The people would judge the balance of the performance, said Mr. Callaghan.

But didn't the Government's future plans also include a wage freeze? demanded Mrs. Margaret Thatcher, bursting on stage.

If not, exactly what was Mr. William Rodgers' role in suggesting it last weekend? What was he trailing?

The Transport Minister had just been explaining where a free-for-all could sometimes lead, said Mr. Callaghan.

"The Government has no intention of introducing a wage freeze, certainly not at this period of the pay round."

Pressed sharply about the Government's programme by the Tory leader, he reiterated that it would rely on determination to keep settlements as close to 5 per cent as possible.

No freeze had ever achieved long-term success, Mr. Callaghan told Mr. David Steel, any more than free collective bargaining had done.

He rejected demands from the Labour Left, as he had from Mrs. Thatcher, to drop the apparently undisciplined Mr. Rodgers from the Government company.

Ministers were entitled to interpret their parts in ways that would lead, instruct, guide and inform the electorate. It was only when others began to re-define a pay norm as the "going rate" that the Government had to set its face against departures from the authorised version.

Mr. John Pardoe, scrutinising the text of the Prime Minister's reply queried the meaning of his phrase about not introducing a wage freeze "at this stage."

When Sir Winston Churchill spoke of fighting on the beaches, no one was pettifoggish enough to ask him which beach he had in mind, Mr. Callaghan grumbled.

Quite simply, he had meant that a freeze, now would be too late and unfair.

Ennals arranges NHS 'hot line'

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

MR. DAVID ENNALS, the Social Services Secretary, is to hold an urgent meeting with leaders of the National Health Service unions in an attempt to get better safeguards for hospital patients and emergency ambulance cases affected by the strikes.

Announcing this yesterday, he made it clear that problems in the NHS were getting worse as industrial action continued.

"To improve matters, a 'hot line' had been set up between his department and the National Unions of Public Employees and the Confederation of Health Service Employees.

This was being used to solve problems where patients were endangered by the action of local militants exceeding union instructions.

The unions were also drawing up more detailed guidelines for their members on maintenance of emergency services.

Mr. Ennals told the Commons that the effect of the action on the Health Service was now extremely serious and was causing grave concern.

To ensure the safety and well-being of patients, he would be holding a meeting very soon with Mr. Alan Fisher, general secretary of NUPE, and Mr. Albert Spanswick, general secretary of COHSE.

"I intend to impress upon them the seriousness of the position and the importance of redoubling their efforts to keep industrial action under control," said Mr. Ennals.

In a statement issued later, he said there was particular concern about the supply of clean

linen and sterile dressing and equipment. Without these, hospitals could not function.

A strike in laundries and sterile supply units posed a serious threat to the safety of patients.

He had called a meeting with the union leaders because the threat to some patients—particularly the mentally handicapped and very elderly—was now so great.

Between a third and a half of hospitals were now reduced to emergency admissions and the ambulance service was giving only emergency cover over most of the country.

There was also the risk to the health of non-emergency cases, whose treatment was delayed.

"Those taking industrial action cannot run away from their responsibility for the consequences."

In the Commons, he came under attack from Dr. Gerald Vaughan, a Conservative health spokesman, who demanded to know how the Government intended to deal with "this appalling situation."

He said that yesterday NUPE had called out all its 483 members at Westminster Hospital and more than 200 hospitals were closed throughout the country.

Mr. Ennals denied that anything like that number was closed. He told other questioners that there were some areas in which voluntary labour could be used. He emphasised that the Government had to be careful that such action did not make matters worse.

New NEB attack

BY OUR LOBBY STAFF

THE CONSERVATIVES believe there may still be a chance of using the Industry Bill to make the National Enterprise Board more accountable to Parliament.

They are to use the committee stage of the Bill, which begins tomorrow, to put down an amendment which would give the Comptroller General access to the Board's books and severely limit the Board's ability to take over lame ducks.

Since the Government is in a majority on the committee, the best the Conservatives can hope for is a tied vote with the help of the Liberals on the committee.

This would mean that the amendment would have to be discussed on the floor of the House of report stage.

At this point the Conservatives hope they would be able to attract the support of those Labour MPs who share the opinion of the all-party public

Renewable powers?

By Elinor Goodman, Lobby Correspondent

THE Opposition parties may force an amendment tonight to the prices legislation which would mean that the powers of the Price Commission would have to be renewed annually.

The amendment was tabled yesterday by the Scottish Nationalists, and may attract Tory and Liberal support.

This was despite efforts last night by Mr. Roy Hattersley, the Prices Secretary, to get the minority parties to change their minds.

The Government can count, however, on the Scottish Nationalists' support for the main purpose of the Price Commission (Amendment) Bill which is to remove the profit safeguards in the prices legislation.

accounts committee that the Comptroller General's power should be increased in relation to the nationalised industries.

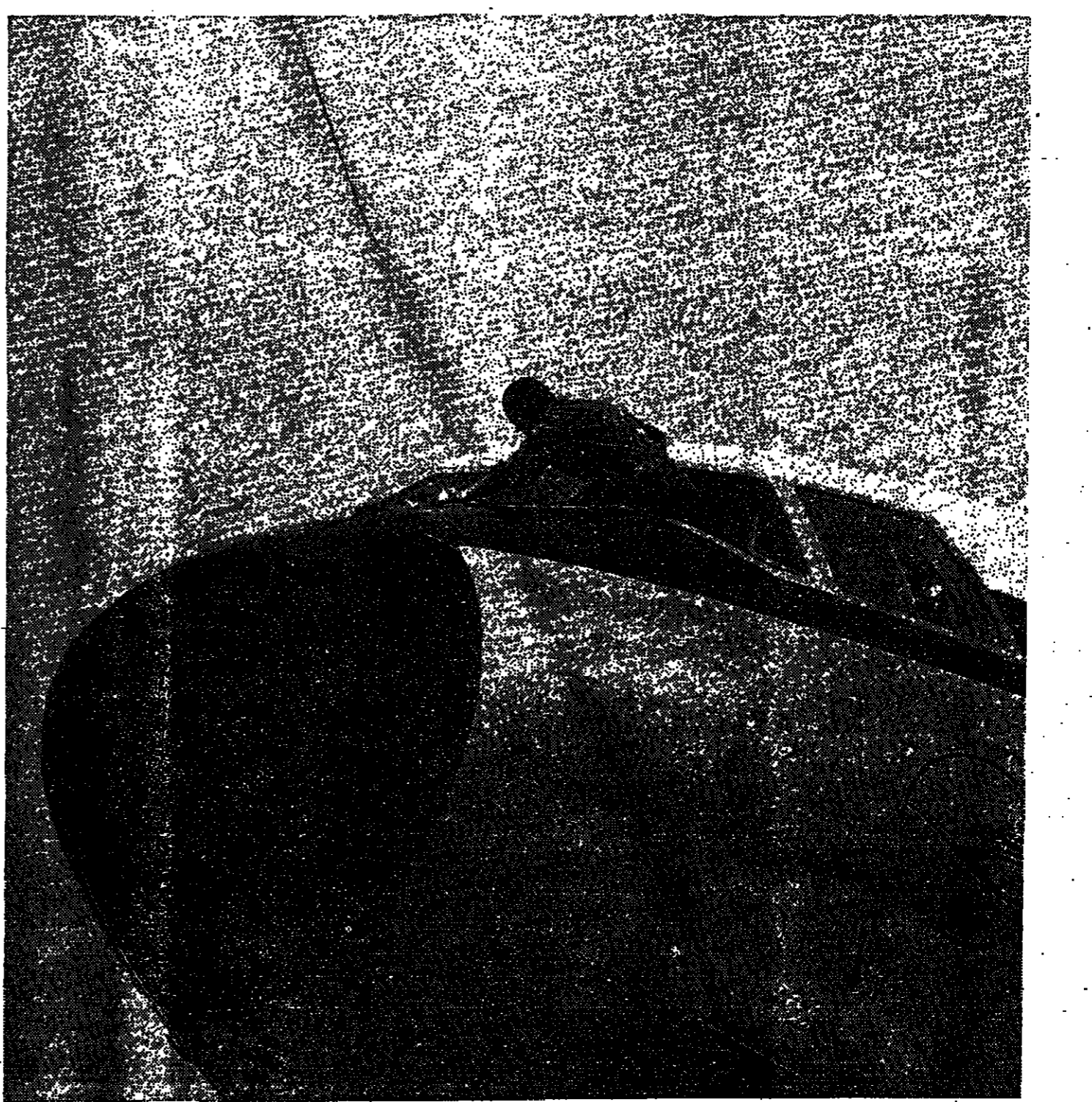
During the Bill's second reading, when the Government had a majority of 20, Mr. Eric Varley, the Industry Secretary, said the Government was prepared to carry out a study of the role and function of the Auditor-General, but the assurance did not satisfy the Tories.

They want the NEB to be made much more accountable to Parliament in several areas. Under another amendment laid yesterday, the NEB would have to produce a formal offer document when buying into a company, explaining the terms of the offer and the reasoning behind the deal.

The amendment would also restrict the NEB's ability to buy companies weighed down by heavy debts.

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Police search row

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE LABOUR chairman of a Commons Committee became the centre of a heated row last night. He had voted in favour of a controversial Tory amendment giving sweeping powers to the police in Scotland.

As a result the amendment—which permits Scottish police to search anyone for an offensive weapon if they have grounds for suspicion—became part of the Criminal Justice (Scotland) Bill.

Mr. Peter Doig (Dundee West) explained that he had made his decisive casting vote on "grounds of conscience" after an eight-eight tie.

There were immediate protests from his Labour colleagues and jubilant cheers from Tories.

Labour MPs objected that Mr. Doig was in breach of the traditional practice which lays down that a chairman should

Secrets disservice

BY ELINOR GOODMAN

THE Government has put down amendments to Mr. Clement Freud's Official Information Bill which the Bill's sponsors believe are designed to wreck it.

Taken with equally negative amendments tabled by the Conservative front bench, they would emasculate the proposed legislation and, in some sections, actually reverse its meaning.

The Bill, which has the support of backbenchers of all parties, would repeal Section 2 of the Official Secrets Act and establish an automatic right of access to official information.

The Bill's sponsors were encouraged two weeks ago when the Government decided not to oppose it at second reading. But the amendments tabled yesterday show that the Cabinet is by no means converted to the cause of freedom of information.

Secrets disservice

BY ELINOR GOODMAN

The general Government strategy seems to be to make the whole scheme voluntary.

One Government amendment would replace the entitlement to obtain information, which is fundamental to the Bill, with a far vaguer right to apply for documents.

Equally contrary to the spirit of the Bill is a Tory amendment which reads: "Insert 'shall not' at the beginning of a section which would make old Government documents available to the public."

Since the committee is loaded with supporters of the Bill, the amendments may well not get accepted. But the Government, which has two front bench spokesmen on the committee, may succeed in spinning out the committee proceedings to such an extent that the Bill gets lost.

Police search row

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

cast his vote to preserve the status quo. This would have involved voting against the amendment.

They later attempted to raise the matter in the Commons but were ruled out of order by Mr. George Thomas, the Speaker.

Mr. Iain Sproat (Con., Aberdeen South) said: "Every law-abiding citizen will be glad of Mr. Doig's decision to put conscience above party. His vote could be the means of saving an innocent life."

The Government will try to remove the amendment when the Bill returns to the Commons but there is now worry about how Mr. Doig will act when the next Conservative amendment comes up for consideration in the standing committee.

This seeks the return of corporal punishment in certain cases in Scotland.

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Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

PROCESSES

Keeps food cool with economy

ENTIRELY NEW an economical approach to refrigeration for multi-drop vehicles has been launched by BOC.

The Transcool system can be controlled either manually, or automatically, and makes effective use of liquid nitrogen. It has already been adopted by a major national food transporter, FFC Food, Hull, a subsidiary of United Biscuits, and is on trial with several of the biggest names in the food industry.

Traditional refrigeration systems such as electric plates and vapour compression units, cannot cope with the rise in product temperature caused by frequent door openings. This inevitably leads to deterioration—possibly harmful—in the product and occasional wastage, particularly on hot days and with low temperature products. Conventional liquid nitrogen systems—such as BOC's own Polarsream—prove uneconomical for multi-drop as they are designed for trucking runs and will bring down product as well as air temperature.

With Transcool, short injections of liquid nitrogen at -196 degrees C keep the air temperature down. Because of the speed and intensity of the application of cold, rises in product temperature are kept to a minimum and acceptable amount.

There is a choice of automatic or manual modes. The first, Econocool, has a thermostat, switching nitrogen on at a pre-determined air temperature,

which is anything between 1 degree C and 10 degrees C above the cut temperature, depending on the required stringency. With the manual system, a driver presses a button in his cab giving a timed burst (between one and five minutes), when required—normally after a drop.

Manual systems are particularly attractive if running costs are to be kept to a minimum, and where goods at mixed temperatures are transported in one vehicle. An automatic system is recommended when quality control is of the utmost concern, or when goods susceptible to temperature change, such as ice-cream, are carried.

The advantage of using nitrogen is that it forms a protective blanket of low thermal conductivity gas around the product insulating it from heat from the vehicle body or the outside air. Traditional mechanical systems blast cold air over the product, but when the doors are open, warm air is circulated, warming the product up.

A "night mode" is incorporated in Transcool, injecting nitrogen automatically when the vehicle is laid up loaded, either on a time or thermostat basis. The 75 or 150 litre liquid nitrogen container can be positioned either in the vehicle, or under it.

BOC, Hammersmith House, London W6 9DX. 01-745 2020.

METALWORKING

Ingots get smooth skins

MOULD FLUX capable of greatly reducing surface and sub-surface defects in top-poured steel ingots has been introduced by Fosco Steelmills International.

Stelorit 346 has been extensively tested at a major Canadian steelworks, where it has reduced the average defect occurrence on direct-teamed 10 to 25 tonne automotive and pipe-grade ingots to 3.9 per cent. Previously, ingots cast without the flux exhibited a defect occurrence of 26.5 per cent. As a result, Stelorit 346 has led directly to considerable savings in ingot conditioning, and to improved quality and higher yields.

Powder material with a low melting point, Stelorit 346 is applied to the mould before and during teeming at a rate averaging 1.5 kg per ingot tonne. A molten flux forms when the molten steel contacts the product. This flux layer on the surface prevents oxidation of the steel exposed to the atmosphere, minimises stresses by ensuring even cooling, and absorbs oxides, de-oxidation products and other non-metallic matter.

Trials have shown that oxide inclusions can be reduced by up to 40 per cent, cracks and tears by 75 per cent, and scaling by 83 per cent.

Fosco Steelmills International, Long Acre, Nechells, Birmingham, B7 5JR. 021-327 1911.

IN THE OFFICE

Scientifics pack a punch

CASIO'S RANGE of scientific calculators is extended by two new models, FX-2500 and FX-3100. Both have liquid crystal displays for long battery life.

FX-2500 has eight digits capacity (or six plus two in the exponent) and 32 key-operated scientific functions including standard deviations and two levels of parentheses.

FX-3100 adds another couple of digits for extra precision (making ten or eight-plus-two) and a further 11 scientific functions which include hyperbolic, rectangular-polar co-ordinate conversion, permutations and combinations.

Unusually for a scientific calculator, FX-3100 also has a multi-function per cent key which can give addition, discounts and increase/decrease values as well as ordinary percentage figures.

Battery life is at least 1,500 hours continuous use for FX-3100 from a pair of G-13 silver oxide cells.

Casio Electronics, Scrutton Street, London EC2A 4TY. 01-377 9057.

HANDLING

Lifts cars from ramp

PARTICULARLY useful where space is at a premium, is a free-standing, portable, hydraulic vehicle lift which is made in Spain and marketed in the UK by Gray-Campling, Magnalux Works, Southcoote Road, Bourne-mouth.

The lifting platform is wholly contained within the area of the ramp on which a vehicle is driven. Lifting jacks adjust to take varying dimensions and, when on the platform, the vehicle's wheels are all clear—the doors and boot can be easily opened and there is no obstruction or restricted area of work.

Only 1,750 mm wide, the lift is up to a third narrower than that of conventional designs, and it can function in place of an inspection pit, in or outside a garage, as required.

Applications are suggested for use in body repairs, body-sealing and paint spraying, vehicle maintenance, the replacement of exhaust systems and inspection of the underside of cars. It can also be used in engineering work for lifting large items during manufacture.



For the first time in a British shipyard, a vessel has been successfully cut in two horizontally. The top section of the sliced vessel (the Ro-Ro 8,900 tonnes Swedish ferry Stena Oceanica) involving approximately 2,800 tons of steel, was then lifted nearly 4 ft by means of 120 hydraulic jacks so that an additional centre section could be fitted. The yard which carried out this technically difficult job is the Middle Docks and

Engineering Co., part of British Shipbuilders' Tyne Shiprepair Group. The contract was worth in the region of £1m. Conversion is being undertaken so that the car deck can carry one row of cars on holstable "racks" above a row of trailer vehicles. The section lifted on the hydraulic jacks measured 320 ft long, 69 ft wide and 41 ft high. The 30 tonne jacks and associated hydraulics were supplied by Enerpac of Newhaven, Sussex.

SAFETY

First guide for the toy makers

BSI has published the first British Standard for the safety of children's toys—timely in view of the many recent scares. The Institution's previous code contained general recommendations, recognised by most toy manufacturers, but the new standard goes into detail never tackled before. Mechanical properties of all kinds of playthings are considered, and attention is given to many possibly flammable items, from wigs to wigs.

The British toy has a reputation for safety throughout the

world. This more advanced standard represents the practical concern of manufacturers and their customers that a caring attitude toward possible hazards should always be evident in this industry. It is expected that most toy retailers will demand that their suppliers comply with the requirements.

Two parts of the standard, BS 5665 Safety of toys, are published. They are Part 1 Mechanical and physical properties and Part 2 Flammability of toys. The foreword points out that most toys are designed and manufac-

tured with particular categories of children in mind, assuming certain aptitudes for each group. BS 5665 does not release parents or teachers from their responsibility to ensure that a toy stays in the hands of the child for which it was intended and is not otherwise misused.

The standard is not a nursemaid, nor is it a watchdog; its function is to provide a body of information on the safety aspects of products, backed up by reproducible test criteria. BSI, 2 Park Street, London, W1A 2BS. 01-629 9000.

COMPONENTS

Power supply given longer life

MODULAR POWER of Waltham Abbey, Essex, has introduced the 800 Series of modular encapsulated secondary switching power supplies that provide high reliability and longer life.

These benefits are achieved because the unit dissipates less power than series-pass types and, as a result, its internal temperature rise is lower. Since 800 Series dissipates less heat, components inside the internal power supply remain cooler—

enhancing reliability and life. Higher output power becomes possible. Normally 10 watts is the practical limit for modular encapsulated series-pass type power supplies, but 20 watts is available as standard on the 800—and still with lower temperature rises.

In applications such as high-speed logic circuits where noise is a consideration, the 800 Series offers advantages over both primary line switching supplies and series-pass sup-

plies. Because the input stage has a conventional low-frequency transformer with bridge and capacitors, the inherent low pass filtering of the input stage prevents switching noise being conducted back on to the mains lines.

The 800 Series runs off the mains and provides dual as well as single outputs at five, 12, 15 and 24 volts. Modular Power, 28, Suz Street, Waltham Abbey. 0992 711922.

POLLUTION

Cleans up fluids

USING AN electrolytic cell device offered by Ecological Engineering, Holley Road, Macclesfield, Cheshire SK10 2NB (0625 26238), process liquors and effluents containing 100 to 150 parts per million (ppm) of metal in solution can be rendered sufficiently metal-free for discharge to a public sewer or for re-use.

The system, which can reduce the metal concentration to one ppm from an already low level of 100 ppm, can be used in conjunction with the company's existing units designed for dealing with higher concentrations. Input liquor is pumped upwards through the vertical tubular device which employs a rotating cylinder electrode with-

IMI

for building products, heat exchange, fluid power, general engineering, zip fasteners, refined and wrought metals.

IMI Limited, Birmingham, England

in a membrane cell. In each of a series of compartments, up to half of the metal in the liquid is removed and deposited on the electrode in metallic form. The metal is recovered at intervals from the cell.

Known as the Eco-Cascade Cell, the device occupies very little floor space and is supplied in four standard sizes consuming 100, 250, 500 or 1,000 amps.

Treatment of waste

CHEMICAL waste from a new lead-acid battery factory is being treated by plant from Davenport Engineering to bring it into line with strict Department of Environment standards for discharge to the local authority sewer. The plant, installed at Chloride Industrial Batteries' new factory, near Bolton, also recovers lead from the waste.

Before obtaining the contract, Davenport first submitted detailed reports containing results of a number of surveys carried out in an existing Chloride factory, followed by the design of a comprehensive effluent treatment system with recommendations to aid water conservation.

The effluent from the factory operation contains lead oxides, lead hydroxide, lead sulphates and sulphuric acid. The bulk of the insoluble lead compounds is removed in the first of two settlement tanks. The liquor is then made alkaline

with metered quantities of lime to neutralise the sulphuric acid, precipitate the small quantities of lead compounds from solution and coagulate all the solids.

Addition of a polyelectrolyte then promotes flocculation of the solids which are removed in the second settlement tank. The supernatant liquid being discharged to the sewer.

Sludge from the first settlement tank is pumped to a holding tank to await water removal by a vacuum pressure filter, housed with the control instrumentation in an adjacent building. The de-watered sludge, with its high lead content, is sold for re-melting. Sludge from the second settlement tank is de-watered similarly, but its low lead content means that recovery is not economic and the material is tipped. Davenport, 72 Harris Street, Bradford 1, West Yorkshire. 0274 28361.

COMMUNICATIONS

Letters go in two hours

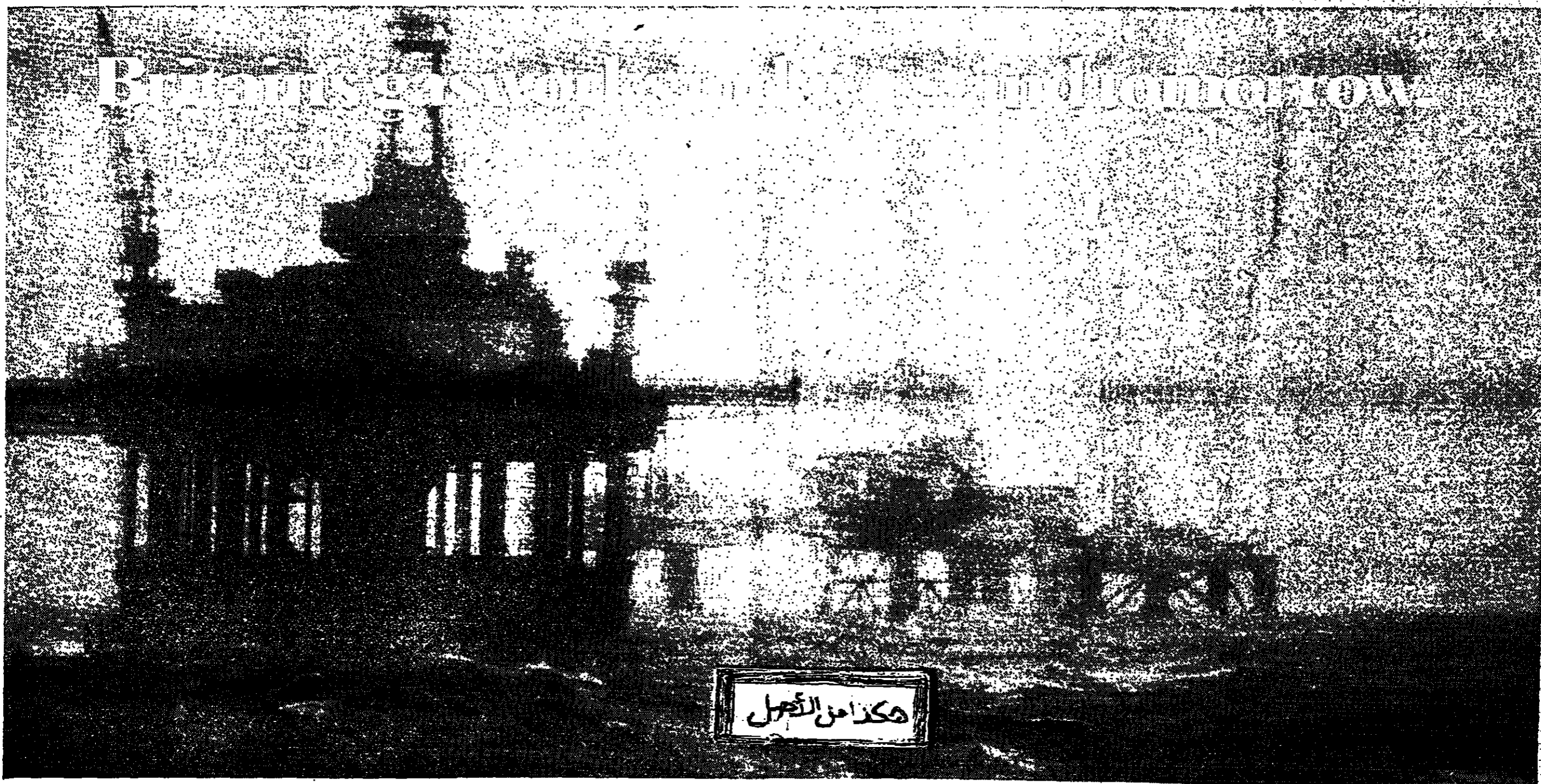
BELIEVED to be the world's first completely-electronic mail service, offering delivery within minutes, rather than days, is due to begin between Toronto and Montreal next month.

Called Fascan, it guarantees transmission within two hours at the ordinary rate—98 Canadian cents (41p) a page for a standard-size letter.

Its express service, which delivers items within 15 minutes, will cost 1.35 dollars (about 57p) a page while overnight delivery is 70 cents (28p) a page.

The system's operators, Bell Canada and Ivor Kaye and Associates, Toronto, say agents in shopping plazas and offices will handle requests for many customers. It is hoped to extend service soon to Vancouver, Calgary and Ottawa.

Firms that become frequent users can rent terminals for \$50 or less a month, or buy the terminal unit for about \$1,500 (about £630). Further details from Canadian High Commission, 01-629 9492.



Already, natural gas from the North Sea provides 44% of all the heat we use in our homes, and over a quarter of all the energy supplied to British industry. And there's more to come—the first supplies from the huge Frigg field in the northern North Sea have only recently come on stream, providing even more clean, controllable heat for our homes, factories, offices and public buildings.

But natural gas is no short-lived bonanza for Britain. Far from falling, total known reserves of gas on the U.K. Continental Shelf actually rose in the four years up to the end of 1977—from 41.5 to 54.7 trillion cubic feet—as the successful work of exploration revealed the existence of new fields. With the expectation of further important discoveries still to be made, natural gas will continue to serve our children as it serves us—cleanly, controllably and economically—for decades to come.

BRITISH GAS



Gas gets on with it — working for Britain's future.

THE MANAGEMENT PAGE

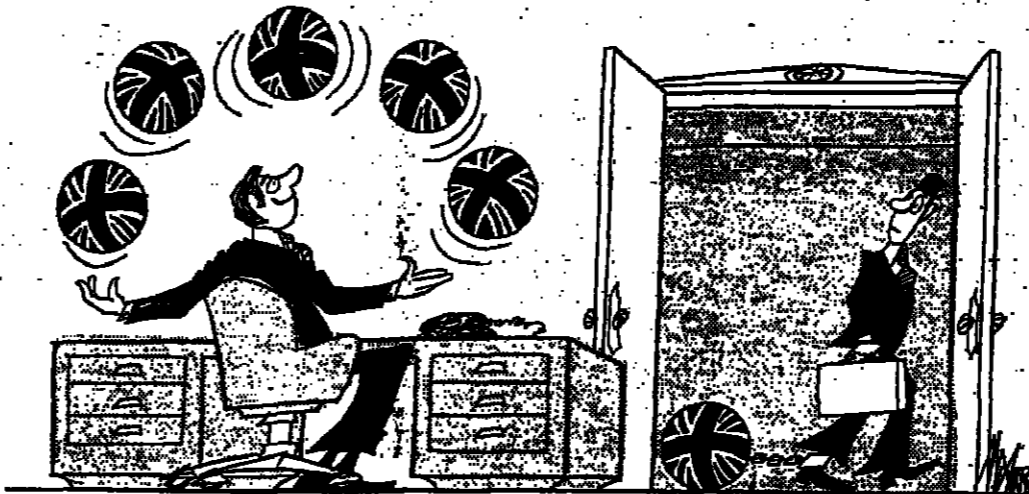
Starting production abroad

Going International — the Experience of Small Companies Overseas. Gerald Newbold, Peter Buckley and Jane Thurwell; Associated Business Press; London £10

Britain: a Utopia for entrepreneurs?

BY JOHN DE BRUYNE

Does Britain do enough to encourage entrepreneurs? The most frequent answer to this question is a resounding "No." On December 29, David Cooksey, managing director of Interobra, a plastics manufacturer, argued on this page that, despite its series of small business incentives, the government habitually hamstringing entrepreneurs.



This is not to imply that the entrepreneur is, by nature, a cheat, but that it is possible to do so since £100 invested in a new manufacturing company's plant can yield an immediate tax shelter for that company worth almost £30 in retained earnings, thus enhancing the value of the investment.

"... you will devote a large proportion of your administrative effort to filling in forms, while the one thing you want to do is to get on with running your own business."

Rent Ryder trucks and stop putting your trust in luck.

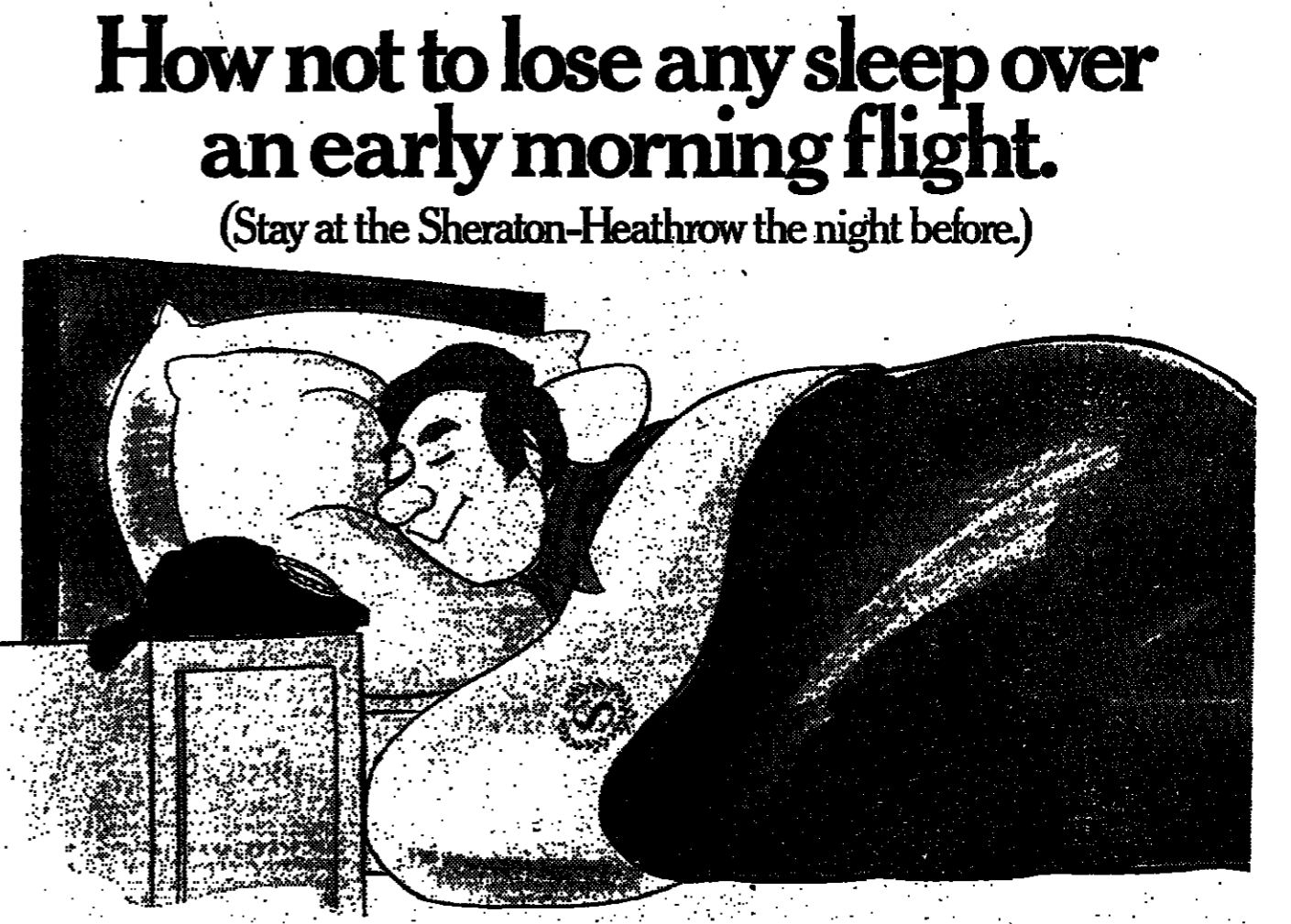
Advertisement for Ryder Truck Rental, featuring a hand pointing to the text and a contact form with fields for Name, Position, Company, Business Phone No., and Address.

BUSINESS PROBLEM BY OUR LEGAL STAFF

Taxing gains on futures. How are gains on "commodity futures" taxed? Is the tax calculated on the net gain (gain less loss)?

Credit guarantee plan. The answer is a credit guarantee scheme, says Forum, along with many others.

How not to lose any sleep over an early morning flight. (Stay at the Sheraton-Heathrow the night before.)



The big thing about relaxing at the Sheraton-Heathrow the evening before your flight is this: you can make it to the airport in comfort next morning.

SELL US YOUR OLD PERSIAN CARPET.

Advertisement for Leon Norell, featuring a large image of a Persian carpet and text describing their services in buying old Persian carpets.

Control your Company fuel costs by giving your drivers the ALL STAR PETROL CARD

Form for the All Star Petrol Card, including fields for Name, Company, and Address, and a list of benefits like 1400 garages nationwide and cash pump prices.

Sheraton-Heathrow Hotel logo and contact information for London Airport, including phone numbers and address.

It is a matter of attitude

BY COLIN JONES

LOCAL AUTHORITIES are responsible for between a quarter and a third of public expenditure. They employ over half the manpower engaged in central and local government. Yet their activities are the least open of any in the public sector to the direct control of Ministers. Every local council is free to call upon its ratepayers to finance not merely additional revenue expenditure but even a pet capital project.

This needs to be borne in mind when considering the options facing the Government before and after the election. Even if the assumptions underlying the latest public expenditure proposals had not been overtaken by events, the figures in the White Paper would have indicated the need for spending cuts or higher taxation.

Assumption

We may thus soon have an answer to the question which has been increasingly bothering some senior Whitehall officials - namely, whether local authorities will be as ready to respond to appeals for restraint once they believe the crisis is over? This question could be especially pertinent if the Conservatives are returned to power at the election. If the past pattern of local elections is any guide, it may not be long before they found themselves dealing with a majority of Labour-controlled councils.

What is needed is not just a mechanism whereby, as with private spending, falling incomes and rising costs reduce the growth of expenditure where economic circumstances are unfavourable. Attitudes to spending itself also have to change. The share of GNP absorbed by local councils doubled from 9 per cent to 18 per cent between the mid-50s

and mid-70s. It may have since dropped back a notch or two but it remains high enough to call into question the deeply ingrained assumption of rapid and almost continuous growth. From now on any growth will, at the most, have to be limited to that of the national economy. The fundamental re-thinking this prospect calls for goes a great deal further than the trimming of proposed expansions: it means overhauling the way local councils set about their task. Attention needs to be switched from what goes into local government in terms of levels of provision, numbers of staff, and so on, to what comes out in terms of achievement of objectives, impact upon local problems, and cost effectiveness. Priorities will have to be reassessed to see what resources can be spared for more urgent needs by cutting down the provisions elsewhere.

Tradition

The Government itself needs to adapt to the change in circumstances. Local councils which have tried to re-assess their objectives are frustrated by sudden changes in grant share or by equally unpredictable changes in the Government's spending guidelines. The annual public expenditure White Papers are supposed to give guidance over the medium run. But the figures were repeatedly revised upwards in the early 70s and then repeatedly cut back in the mid-70s. Now they are being revised up again when the probability - nay, the certainty - is that they will once more have to be reduced.

Logic would suggest that the Government should fix the total level of local spending - and that it should do so on cautious lines so as to guard against changes in national fortune - while leaving the detailed allocation to local councils. But this would run directly counter to the tradition of autonomy in local rate-making. In any case it is doubtful whether Ministers would in practice be willing to surrender their interest in matters of detail - as experience of the attempt to give more local discretion in transport and housing budgets has shown. Radical changes will, however, be unavoidable if the measures which induced restraint in 1975-77 prove to be no longer effective.

FOLLOWING on last week's strategy for seeds, I hope to persuade you to try some unfamiliar varieties during this year. By the time the nurserymen have sent them, you will be nearly ready to sow most of them indoors, beginning in mid-March at the earliest. Of course you could just grow the same old Marietta marigolds, but there are other, better things. One, from your response, is clearly the Mexican marigold, or *Tagetes minuta*. Mentioning this as a cure for touch grass and ground-elder, I gave the impression to some of you that it is a small plant. This is quite wrong. The "minute" feature of this marigold is the flower, but the plant, when well grown, will soar up to a height of several feet. You have all been quoting evidence of six-foot-high "minute" marigolds. Perhaps like the hollyhocks, you feed them on alcohol.

More important, one reader has come up with a source of seed, the redoubtable Lawrence D. Hill's centre of organic gardening. Among its crops of confrey and campaigns against bonfires, his "Henry Doubleday Research Institute, of Convent Lane, Bocking, Braintree, Essex, sells Mexican marigold seed to members. For £5 you can join the circles of organic gardeners and enter a world of endless energy, exhausting ideas and all manner of vigorous polemic.

Racing colleagues mourn passing of 'Weary Willie'

THERE HAS been no sadder piece of racing news recently than the announcement that Bill Williamson died at the weekend in Melbourne aged 86. One of the most popular riders from overseas to make his mark in Britain since the "Weary Willie" or simply "Weary" to his friends and admirers -

RACING

BY DOMINIC WIGAN

achieved several notable triumphs but never quite received the acclaim accorded to those three outstanding European jockeys of the 1960s, Scott Brerley, Lester Pigott and Yves Saint-Martin.

Nevertheless, there seems no doubt in the minds of both trainers and jockeys - that Williamson was without peer as a jockey for the big occasion and a man whose lighthearted and dispassionate expression concealed shrewdness coupled with the calm and nothing of someone with nothing to prove.

Epsom trainer, John Best, said of Williamson: "He rode for many years, gave me a fine example of his qualities when recalling the Australian's handling of a two-year-old on one occasion.

"I decided to run a two-year-old Tamerlane at Newmarket and telephoned Weary to ask him if he could take the mount. "I told him the colt was a nervous sort and had been left at the tapes on his only previous run. It was tipping down with rain at Newmarket and I noticed that Weary was the only jockey to come out to the paddock wearing silks instead of mackintosh breeches. Weary pointed out that the noise of the rain was a help to him and mackintosh breeches sometimes worried a nervous animal and

he had thought it better to wear silks. "Tamerlane got off on level terms and although not successful, he went on to win several races as a three-year-old.

Perhaps the last word is best left to Scottie Brerley, who summed up the news of his friend's premature death with a simple tribute containing all that Williamson would have wished: "A really fine fellow and a great jockey - what more can one say?"

The marigolds, meanwhile, will drive out your couch-grass. Another seed whose source causes trouble is the splendid house-plant hamea. This is the old incense plant of Victorian halls and conservatories. Those who have seen it are always wanting it. Grown in a four-inch tall pot, it sends up a spire of reddish-brown flowers to a height of three feet or so and scents a room with incense, especially if you brush against it.

The seeds are not the best of germinators; you must keep them up at a temperature of 65F or so. If you have a propagating box or any simple system which warms soil from below, the scarce seed of the hamea will be pleased to start off in it. I have a very soft spot for this unusual plant, so soft, indeed, that I'll tell you where to find it: Thomas Butcher, of Shirley, Croydon, Surrey, can still sell you seed. It is only a half-hardy annual, a pot-plant for one year, then nothing more. So save your own seed if you can after the first flowering, in case it ever goes off the market.

Thomas Butcher also keeps the loyal supplier of the fashionable Mexican marigold seed to members. For £5 you can join the circles of organic gardeners and enter a world of endless energy, exhausting ideas and all manner of vigorous polemic.

GARDENS TODAY
BY ROBIN LANE FOX

year we have the double-flowered monstrous multi-butterfly and a fibular fright called wedding bell. Plain old rust-resistant crimson needed no improvement. Do not fall for these new freaks.

A hybrid abutlion, I have long thought, would be much more interesting. It is a doubtful point whether my six foot high shrub abutlion is tolerating old-fashioned British frost. If it goes, it can at least be quickly replaced. These soft shrubs grow amazingly fast. Their saucer-shaped flowers of violet-blue make them one of my first choice for any sheltered garden or Mediterranean sunspot.

Could not this speed be harnessed to an "annual" form for bedding? Thompson and Morgan of Ipswich are offering a new bella series which may fill the gap. This sounds a must. It flowers within four months of sowing at a height of 4 ft. The rounded mallow-like flowers open from buds furled like a shuttlescock. You may know a form with a spotted leaf, beloved of park gardeners who prize it for a "tropical" touch, as if Manchester's flower-beds could stand an exotic visitor. One of the troubles with this old hot-house form was the angle at which the flowers slanted. The bella series meets you face on.

The colours vary, but only from darkish red through yellow to white. Grow enough, then to replace the washy colours. I refered last week to the raising of a few bedding plants in pots in order to bridge the early June gap. Sown in February in a warm house and potted on until May, these new abutlions look just right for the job - they are quick, thick and bright.

What, too, about a new sweater daisy? I bet that you never grew the old one. To me, the weakly violet-blue daisies of this old thing called brachycome were nearly excellent. They flowered freely and opened out best in a hot summer, like other South African annuals. They looked their best in Continental parks, but the colour was too feeble. Thompson and Morgan now offer one called purple splendour which looks to be the answer. It is a good inky purple and flowers prolifically for many months if you dead-head it just the thing for a sunny roof garden among the bikinis.

flowered freely and opened out best in a hot summer, like other South African annuals. They looked their best in Continental parks, but the colour was too feeble. Thompson and Morgan now offer one called purple splendour which looks to be the answer. It is a good inky purple and flowers prolifically for many months if you dead-head it just the thing for a sunny roof garden among the bikinis.

Lastly, for this week, the cherry pie. This glorious plant, my favourite, has disappointed some readers. I gallop off in praise of its scent, powder or chocolate rolled into one. I urge you to grow it in pots, place it near sunny windows or on any terrace where you sit. Six months later, I meet the grudging readers. Interesting idea, you tell me, but it was never much good when we tried it. The colour was so boring. Not if you hunt out the right one. You must buy a form whose colour is so deep that the ribbed leaves, too, are flushed with a dark tone. The dark ones have the exotic scent, not the miserable pale lilacs which grow among lemon-drop marigolds all over France. Hurst of Witham, will sell you the right one, monarch royal marine. Mixed packets are no good. Go only for the best and buy your noses in it next summer. Nobody, I hope, will complain that it has let them down.

TV Radio
BBC 1
↑ Indicates programme in black and white

F.T. CROSSWORD PUZZLE No. 3,885

CROSSWORD PUZZLE ANSWERS

RADIO 1
RADIO 2
RADIO 3

Radio Wavelengths
BBC Radio London
Capital Radio
Londonside Broadcasting

Opera & Ballet
Coliseum
National Theatre
Royal Opera

Theatres
Mayfair
National Theatre
Royal Opera
Sadler's Wells Theatre

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National Theatre
Royal Opera
Sadler's Wells Theatre

GEMAS

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CLASSIFIED ADVERTISEMENT RATES

THE ARTS

Television

A trio to remember

by CHRIS DUNKLEY

Each of our three television channels has produced a quite extraordinary programme in the last few days. From BBC1 last night came Blue Remembered Hills, one of the most striking television plays for many years. BBC2's offering was Black As Hell And Thick As Grass, an amazing tour de force by Kenneth Griffith. ITV's contribution was also a play, The Old Crowd, which was highly entertaining but also puzzling and ultimately exasperating, though still undeniably extraordinary.

picture of childhood more vividly authentic than anything since the publication of Golding's Lord Of The Flies a quarter of a century ago. There are reminders of Huckleberry Finn and William Brown and even Violet Elizabeth, but very few, and even these arise mainly from fortuitous similarities in clothing, conversation or external events—the escaped "Eyette" POW, for instance—and not from any real similarities between previous fictional children and Potter's.

It is impossible to believe that a single adult watched Blue Remembered Hills on a quotation from Housman's Shropshire Lad) without thinking, at least once, "Oh good grief, yes!" as yet another element of childhood was accurately reproduced: the ready acknowledgement of pecking order, the power of special knowledge and of tears, the sudden terrifying shifts of mood and of alliance, and so on. (Though in one respect empathy was absent: even as a child I never experienced the blood-lust shown in the squirrel sequence, but am forced by weight of numbers of authors to assume I am atypical in this.)

The odd thing was that knowing Potter to be the writer one kept expecting another layer of meaning to come to the surface, or at least for some complicated analogy about grown-ups to emerge, yet it never did. Of course there were inevitable parallels with adult society, but it really was a play about childhood and all the more powerful for having adults to portray the children as children themselves never could.

The acting from John Bird, Jarne Duvitski, Robin Ellis, Michael Elphick, Colin Jeavons, Helen Mirren and Colin Welland was without exception superb (and if Miss Mirren was incapable of smothering her innate sexuality that was no disaster since there are young girls like that), and such consistency must indicate mastery of direction from Brian Gibson. Presumably it was Gibson whose wonderful eye for detail was largely responsible for Welland's scrolled scratching, the mode of Jeavons' hysterical rocking fit, and the positioning of Nat Crosby's camera to produce photography which was almost too beautiful for such a dark idyll. Some might have preferred the play without the horror of the climax, however valid it might be in purely dramatic terms. Without that, however, it would lack the main evidence of man's inhumanity to man which seems to be essential to Potter's work.

It is a theme which also seems to concern Kenneth Griffith greatly, yet in his work the concern emerges as anger instead of sadness. In Black as Hell and Thick as Grass (a reference to the look-out's warning at Rorke's Drift: "Here they come! Black as...") Griffith managed to suggest the calling down of a plague on all the houses involved in the unnecessary Zulu wars and at the same time to celebrate the valour of the soldiers on both sides: Cethsway's warriors and the South Wales Borderers.

Perhaps there are odd viewers who do not like Griffith, and if so they will not have liked this programme because, as we have come to expect after his work on Napoleon and the American civil war, Griffith sees the programme. Not only did he write it, he was Dismal and Gladstone and Bartle Frere and Lord Chelmsford and for a time I swear he turned into a whole company of Welsh soldiers marching together down a road. All of them in the same Columbo raincoat.

The extraordinary thing is that he does not need intrinsically exciting material such as the eye-witness accounts of the defence of Rorke's Drift or the last man to die at Isandhlwana to hold attention: he is equally skill binding speaking from an English pulpit or just emerging, chatting conversationally, from a faecid bell tent before strutting off across the veld. Furthermore, fascinating though the sight of him is with those mesmeric eyes and the samely compressed body, the sound alone would be enough to hold an audience; hearing Griffith pronounce every letter of "captured" or "soldiers" one realises how slovenly even the best news readers have become.



Valentine Dyll and Rachel Roberts in 'The Old Crowd'



Gabriela Benackova and Yuri Mazurok

Covent Garden

Eugene Onegin by ARTHUR JACOBS

"Where shall I find the Tatjana whom Pushkin imagined and whom I've tried to illustrate musically? Where is the artist who could approach the ideal Onegin, that cold dandy penetrated to the heart with worldly-bon-ton? Where is there a Lensky, an 18-year-old youth with the thick curls and the impetuous and original ways of a young poet à la Schiller? How Pushkin's charming picture will be vulgarised when it's transferred to the stage with its routine, its senseless traditions, its veterans of both sexes who shamelessly take on the roles of 16-year-old girls and beardless youths."

Yet Nicolai Gedda as Lensky—here singing in Russian, Covent Garden having switched from its previous English version—brought such resource and cultivation of voice as almost to nullify any visual awkwardness. His pathos was especially communicative in the moment of regret and self-reproach at the party scene ("Yes, in your house") and in the farewell and duel scene. The Soviet baritone Yuri Mazurok brought a less subtle art to the role of Onegin. (It is surely time that "Eugene" gave place to the proper "Yevgeny".) An agreeably clear and forward voice-production and a good sense of matching words to melody were not enough; the characterisation of the seductive cad-about-town was not particularised and showed a puny range of conventional gesture.

Tatjana's Letter Scene, the kernel of her role and indeed of the opera, was disappointingly sung by the young Czech soprano, Gabriela Benackova. It lacked rapture, it lacked climax. [The final scene of the opera with its grand renunciation was better, but that was too late.] Memories of Ileana Cotrubas, who sang the role so captivately in 1971—and sang it in English—evoked a disturbing comparison. Similarly with the conducting. Solti in 1971 had found (as he does in his recording) the vital spirit of the score. Here a Bulgarian conductor, Emil Chakarov, merely plodded, with full command neither of the chorus nor of the orchestra. It was amazing that both the oboe solo and the horn solo in the Letter Scene were poorly and unevenly phrased. Gremm's aria was nobly (and not ponderously) delivered by Gwynne Howell, and subsidiary parts were mostly well taken, with creditable study of Russian diction. Except for the lack of a doctor in the duel scene and of a hand at the house-party (to which the words refer), the production mostly convinces. Originally Peter Hall's, it is now rehearsed by Charles Hamilton, with scenery and costumes by Julia Trevelyan Oman. It is on the musical side that I have to register a disappointment.

Paris Theatre Antoine, Giorgio, Guy, Jean and Lucian

These are not the names of another pop group. They are the names of five French or foreign directors currently enjoying the greatest popularity for their latest productions in the subsidised theatres of Paris. Jean Mareure, veteran actor-manager, is head of the city-owned Théâtre de la Ville, now subtitled "Théâtre Municipal Populaire," and situated in the Place de Châtelet, where the opérette-house on the opposite side of the square is about to become Paris's first municipal opera house.

Jean is celebrating his first productive ten years in office (impressively documented in the foyer) with two outstanding productions, each playing to full houses. His staging of Heartbreak House, virtually unknown in France, in which he plays a tiny, quick-witted and nimble-footed Captain Shotover in a French marine officer's refectory, is notable for two things. First, the fluent new transition that, together with his known anglophilia, assures an unexpectedly convincing English ambience; and secondly, the eye-catching decor and eerie sound-effects: the work respectively of Radu and Miruna Bettsescu and of Costin Mirsman.

The same Romanian trio has done the decor and music for their countryman's Lucian Pintilie's at times perplexing production of Three Sisters, newly translated into a modern-sounding idiomatic French by Marie-France Ionescu (daughter of the dramatist) and the director. Pintilie's concept is quite unorthodox, if only because he has the sisters reading some of Chekhov's stage-directions out loud, as though to alienate one's sympathy à la Brecht. The sound-effects and the continuous musical background, including some on-stage virtuoso piano-playing, give the play the semblance of a Russian film.

At the same time, the acting is remarkably effective, even when dominated by the vast atrium of a set, with its translucent pillars and backwall of birch-tree colouring, that permit us to see a blown-up family photo of the late Papa Prozorov, or the white horse from which the visiting Colonel dismounts in the mob and battle scenes. The cast, even when forcing their voices, are uniformly excellent.

The Comédie Française, on the eve of its tricentenary, has two smash-hits on view. One is Antoine Boursailler's spine-chilling Six Characters, dolled up by Sonia Delaunay in the style of the twenties, rather as Pirandello might have seen it in his dreams. The other is the all but five-hour-long version, newly turned into 18th-century French by Félicien Marceau, of Goldoni's Country Trilogy, which is Giorgio Strehler's directing debut in French and a triumph for the company, now appearing at the Odéon.



Marthe Keller and Michel Aulclair in 'The Three Sisters'

Elizabeth Hall King's Singers

And now for something completely different—or rather, something very much the same. For though the content of Monday's wildly successful King's Singers concert was mostly new, the formula was familiar from many of their appearances over the past ten and a bit years: something old (a handful of madrigals), something new (perhaps a commission), something soothing (folk-song arrangements), something gay (a Gilbert and Sullivan medley), all drawn together with ultra-professional smoothness and a uniformity of delivery which would have made a few Sempriniques modulating chords between the items not inappropriate. A new member (the mellifluous Bill Ives) has affected the perfection of ensemble not a whit.

setting of three John Betjeman poems by the Czech Antonín Tučapský; not as strange as it might appear, for Tučapský is a most skilful writer for voices, who has a real feeling for the rhythm of English texts (as previous choral pieces have demonstrated). There was nothing four-square in his realisation of Betjeman's meditations on Henley, Exeter and Slough: pretty pictorialisms and gentle irony were both nicely captured. An odd choice of verses, though: Henley-on-Thames and Exeter are way below Betjeman's best, while Slough, one of his greatest is not written on the level of whimsy which Tučapský's setting suggested.



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Advertisement for the Konica C35 AF camera, including a form for requesting more information and a membership offer. The form includes fields for name, address, and phone number, and a section for membership details.

Konica World's first self-focusing camera.

The farm price tangle seen from London

BY CHRISTOPHER PARKES

M. R. PIERRE LARDINOIS, former Common Market Agricultural Commissioner...

were introduced as a temporary measure in 1969 to resolve what everyone considered a temporary imbalance...

mentioned. In a modest way this approach has been justified in the past — during the world sugar shortage...

But the notion of security of supply is based on highly suspect premises. While the Nine may proudly boast self-sufficiency in meat and dairy products...

The Community imports 30m tonnes of grain a year, and virtually all supplies of essential proteins for animal feed like soya and groundnut meal are imported.

Although there is much talk of using temperate legumes like peas, beans and even strains of lupins to lessen dependence on imported proteins...

Seen in this light the results of meat production policy in the Common Market smack more of self-delusion than self-sufficiency. But most critics deride it as reserved for more obvious flaws in the farm policy...

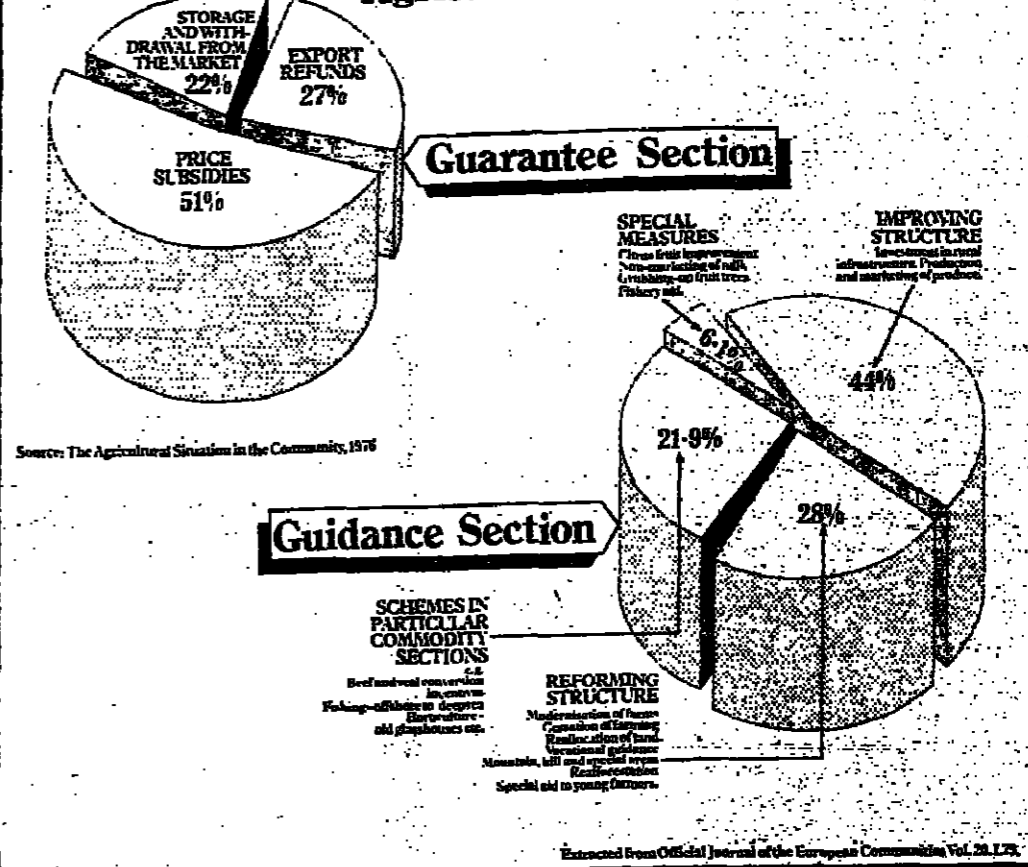
But there are others, less plain to see, which may be more costly to the budget and which disrupt the smooth running of other sectors of the food and agriculture industries.

The Community spends millions of pounds of its annual budget ridding itself of surplus grains which could, if good guide, be used to best advantage at home. The problem is that much of the wheat and barley grown in Europe is either unsuitable or else too costly for manufacturers of animal feed and human food in the Community.

FEFACE, the confederation of animal feed makers in Europe earlier this month put its finger on the main flaws in an appeal to the Commission for a fundamental revision of cereals policy.

The average quality of EEC-grown wheat for baking bread has been steadily falling even

The Cost of the Common Agricultural Policy. Annual Community Expenditure on Support of Agriculture from the Farm Fund



The moderates speak out

IN THE last few weeks the loudest voices in the trade union movement have been those of the believers in a free-for-all; the end of three years of incomes policy has been the signal for all the groups which possess industrial muscle to use it to the fullest possible extent.

for the low paid; accepting that traditional differentials cannot be sacrosanct and that they may need to be narrowed or widened, according to the prevailing situation; seeking increased output and greater industrial efficiency to help pay for higher wages; taking into account the interests of fellow workers, consumers and the wider public.

The machinery which the authors suggest is similar in some respects to recent proposals by the Confederation of British Industry and by the Conservative Party. They want an annual tripartite meeting of the Government, trade unions and employers which would offer guidelines for the division of the estimated national cake for a fixed period ahead.

Militancy

One of the most important points the paper makes is the failure of trade union leaders to lead. The concept of "responsible" bargaining held by many of them, the paper suggests, is "superficially attractive sky-the-limit demands wherever they have any industrial muscle."

Prices vary widely. The MCAs are now the only elements holding together the price structure of a supposedly "common" farm policy in which the prices received by farmers vary widely from state to state.

Competition

The paper does not deal adequately with the practical difficulties of operating a norm. The proposals for permanent curbs on prices, profits and dividends are unacceptable, although the suggestion of giving employees a share in industry's capital growth deserves consideration.

Middle East realignment

THE LEADERS of Syria and Iraq have just concluded a three-day meeting to discuss moves towards the unity of their countries. The failure of previous attempts to achieve Arab unity, notably Egyptian-Syrian unity under Nasser, has led to the current rapprochement between Baghdad and Damascus being glibly dismissed as a largely cosmetic exercise.

not radical enough. Agreement between the two came only in the wake of the Camp David accords and their detente was given greater substance by the pan-Arab meeting in Baghdad last November which produced a consensus against Egypt.

Such cynicism is understandable. Today's flowery rhetoric is in sharp contrast to the bitter denunciations exchanged daily only six months ago. But the improvement of relations between the two countries, forming a loose political bloc stretching from the Gulf to the Mediterranean, has already significantly altered the balance of power in the region.

Sundered wings

The fact that both countries are ruled by the sundered wings of the Baath party has in the past been a source of friction rather than unity. Both claim adherence to an ideological mix of nationalism and socialism. But, since the Baath split in 1966, the regime in Damascus has had its main strength in the army, while the Baghdad government had had a more civilian complexion.

Such a move would be a significant threat to Israel's northern flank. Iraq has a large army and is currently the world's second largest oil exporter. Its support will give Syria strategic and financial depth and partly compensate President Assad for the loss of Egyptian support.

Apprehension. Nor are the Israelis the only people in the area to be worried. Saudi Arabia, Jordan, Kuwait and the smaller Gulf states view with apprehension the emergence of a strong military, and in principle radical, power in the northern tier of the Middle East.

The Jerusalem visit of President Sadat, to which both Syrians and Iraqis were bitterly opposed, could have brought the two together. Instead Iraq pursued its own brand of ultra-nationalism and refused to form common cause with President Assad of Syria.

Prices vary widely

The MCAs are now the only elements holding together the price structure of a supposedly "common" farm policy in which the prices received by farmers vary widely from state to state.

A shipment of butter going from Fumbury to Tilbury picks up a subsidy en route to compensate for the difference and enable the exporter to compete in the UK market where home-produced butter is so much cheaper.

Thus, essentially, the MCAs help bring alive the notion of a "common market" in agricultural produce.

But because such cumbersome instruments cannot allow for all the subtleties of differing production costs, transport charges, interest rates and profit margins, they distort competition among the Nine. They are also open to abuse and fraud.

The nagging complaints about MCAs, which started when they

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The nagging complaints about MCAs, which started when they

THE AIMS OF THE COMMON AGRICULTURAL POLICY (in the Treaty of Rome)

- 1. Increased farm productivity. 2. Assured fair standard of living for farmers. 3. Stabilised agricultural markets. 4. Guarantee of regular supplies of food. 5. Maintenance of "reasonable" food prices.

MEN AND MATTERS

Yesterday's man waits in Algiers

In a flat in Algiers, one man will be straining to hear the news from congress of the ruling FLN. The 3,000 members of the congress, meeting for the first time since the middle sixties, has been primarily concerned to elect a successor to the late President Houari Boumediene.

The congress has also given the 18m Algerians their first chance in 13 years to see photographs of the Revolutionary Council — a body of the handful who still survive from the original 22. Death or exile have removed the rest. But this blaze of limelight was validated, however the council has been dismantled and a new team will be taking over.

Friends in need

The British Travel Authority is currently showering all conceivable interested parties with a breezy leaflet about the wonders of tourism — our "Great Industry." Apart from such nuggets as the fact that 1,380,000 Germans came here in 1977 and spent £102m, and the visitors are most touched by our "courtesy and hospitality," the leaflets assure us that tourism "helps our national network of public transport services to keep fares down."

Capper's captive

Capper-Neill chairman Bill Capper has lured his merchant banker, John Impey, into working with him in industry. This is no small achievement: the traffic is mostly into the City rather than out into harsher worlds. A director of County Bank, the NatWest subsidiary, Impey takes over in a fortnight as joint vice-chairman of the process plant specialists. He will chair about 15 of the group's 40 companies — "I have lost count" — all of which will be fairly familiar to him:

Spelling it out

The Confederation of British Industry's quarterly industrial trends survey added to the general gloom yesterday. It warned that even before the road haulage strike it was clear that "increasing pressure on unit costs is becoming more widespread and... will be partly reflected in more price increases." To prove the point, from the latest edition the price of the survey rises 50 per cent for CBI members, from £20 a year to £30.

Stage business

"I prefer comedy, the up market sort, for tired businessmen," says the man who takes over tomorrow as general administrator of London's National Theatre. Although there may be some laughs on stage, Michael Elliott is not likely to encounter many in the wings, given the National's financial woe and record of industrial strife. Elliott is sanguine about his ability to cope with the histrionics ahead, despite coming straight from the world of disposable tissues. He feels

First catch

Proprietor Sir James Goldsmith and editor Anthony Shrimley are casting around for "the most talented journalists" in Britain, to join them on Goldsmith's promised new, though as yet unnamed, weekly news-magazine planned for British bookshelves in mid-September.

Some cheek

A reader tells me that he was talking to his sixteen-year-old daughter and complaining that the modern generation seems completely lacking in modesty. "When I was your age," he said, "girls knew how to blush." "Good heavens, dad," his daughter replied. "What on earth did you say to them?"

Observer

economic confrontation between the rich and mighty EEC and one of the world's poorer nations.

Another serious anomaly has irritated the British Government and food industry, but no amount of pressure has produced any changes. About half the wheat used in British bread has to be imported from Canada.

It is of a type which cannot be grown satisfactorily in Europe. Yet even though these imports are essential to the bread Britain is used to they do attract the massive levies applied to all categories of wheat in the name of protecting the livelihoods of EEC wheat producers and thus the future security of Community grain supplies.

The farming lobby says flatly that if French wheat is good enough for Continental bread, it should be good enough for Britain as well.

The plainest and most recent example of how Community policy can be downright damaging is to be found in the British butter market. As high EEC prices have been introduced in Britain, consumption has fallen dramatically. Average British consumption has fallen 25 per cent in the past three years.

The Community's reaction has been predictable. The mighty grain-growing lobby led by the French arable farmers has set out to tackle the Thai intruders. Vexed threats have gone out that unless topioca exporters exercise a measure of "self-restraint," the EEC may feel constrained to act.

There is no evidence to hand to suggest that the Community has yet considered in depth the reasons behind the extraordinary growth of imports of topioca. But as topioca shipments have grown to become Thailand's biggest source of foreign exchange, the scene has been set for an embarrassing

over a residual market share of some 25,000 tonnes in 1980; last season Ireland alone shipped 40,000 tonnes.

The cry has gone up once again for New Zealand to be pushed out. Mr. Joyce himself will shortly lead a nine-country delegation to Brussels to ask for rapid, progressive reduction of New Zealand quotas when the present agreement with the Community expires at the end of next year.

There is a tendency in the Community for agricultural politicians to tinkler with the effects of bad policy rather than to tackle the causes at the root.

All except the most intransigent anti-Community campaigners in Britain may be persuaded that the Monetary Compensatory Amounts which cause so much disruption have to be tackled if the farm policy is ever to gain truly "common" status. But now London's energies are being directed towards rebuilding the foundations of the Common Agricultural Policy, starting with the structure of artificial monetary mechanisms which have to wait.

Nothing much happened until last year when the Council of Ministers approved a relatively modest review. Today, Mr. Pini Gundlach will be attempting to persuade his colleagues to bless his plan for the first ever formal price freeze in the history of the EEC.

The danger is that what has begun life in the Commission offices as an integrated package of price controls, monetary measures and production incentives may be so badly hacked about in the political processes of the coming weeks that its potential impact on the structural problems of the CAP will be hopelessly dissipated.

Consumer subsidy

From 512,000 tonnes in 1975, consumption has tumbled to an estimated 380,000 tonnes last year. Without a consumer subsidy of 18p a pound, he argued, sales would fall by a further 50,000 tonnes during the current year.

Theoretically this could leave European exporters without any worthwhile outlets in Britain. UK butter production is rising rapidly and New Zealand, has guaranteed access for 115,000 tonnes this year.

If Mr. Joyce is correct, and assuming UK butter output rises only modestly this year, Ireland, Denmark, France, Holland and Germany could be left to fight

Meet the Peterborough People and get a great deal in new factories... NOW AVAILABLE 41,000 sq. ft. factory on 2 1/2 acre site beside the A1

Decca to finish year well below £12.3m

REPORTING MORE than halved six months profits, the directors of Decca warn that with radar margins having narrowed, full year profits to end March, 1979, will be considerably lower than the previous year's £12.3m pre-tax.

However, further significant orders for defence equipment have been received which should bring higher profits for 1979-80 and subsequently, they say. Severe industrial action in its navigator and radar companies resulted in pre-tax profits, excluding associates, down from £5.22m to £2.46m in the September 30, 1978, half-year.

HIGHLIGHTS

Lex considers the BAT full-year figures. The company has produced a good second half, particularly in tobacco, but it has problems on its retailing side. The Price Commission has rejected the Unit Trust movement's claim for higher charges and, elsewhere, Lex discusses the speech by the chairman of the U.S. Federal Home Loans Bureau, who suggests a shift to a more austere housing policy. Finally Reed's third-quarter figures are commented on. Elsewhere, Christie-Tyler has produced a full recovery in its first-half results while Rosgill shows a sharp upturn and is forecasting £1m for the year—close to its previous peak.

Country and New Town advances

A £40,000 pre-tax profit increase to £293,000 is announced by Country and New Town Properties for the six months to July 31, 1978.

Mr. G. M. Newton, chairman, says the enlargement of the overseas company was completed on January 30 this year. He adds that minimum profits of £250,000 before tax and minorities will be made in a full year, the major part of which will be attributable to the company. In his annual report for last year Mr. Newton said they were waiting for approval to consolidate their overseas affairs

into a separate self-financed group. He added that the British and Commonwealth Shipping Co., then stated as holding a 39.7 per cent stake in the parent company, has agreed to participate in the formation of the new group by transferring jointly-held interests in various overseas companies. Tax for the half-year under review is £231,000, against £195,000. The charge arose entirely overseas. There are minorities of £102,000 (£142,000) and estimated losses for the period at Strand Store during the re-formation of the new group by transferring jointly-held interests in various overseas companies. The interim dividend is held at 0.2p net per 10p share. Last year's total, after pre-tax profits of £458,000, was 0.55p. In 1978-77 the group recorded a loss of £89,000.



Mr. Peter Macadam, chairman of BAT Industries... taking an increased share of free world tobacco trade.

UK tobacco side helps Gallaher to £51m

For 1978, pre-tax profits of Gallaher, a subsidiary of American Brands Incorporated in the U.S., show an advance from £47.1m to £51m. Group sales for the period improved from £1.48m to £1.62m. The profit rise was due to the performance of the domestic tobacco division which expanded profits at the trading level, by £10.2m to £39.4m. This helped offset downturn in most of the other sectors of the company's business.

Table with 3 columns: 1978, 1977, £m. Rows include Group sales, Tobacco - Domestic, Tobacco - Overseas, Engineering, Distribution, Trading profit, etc.

£73,667, earnings per 25p share are stated at 1.56p (dividend 5.55p). There is again no dividend, but there will be a net interim of 1p for the current year. Dividends were last paid in 1975, when the total was 1.85p net. Turnover in the year under review rose from £2.05m to £2.65m. Net profits were £38,559 (loss £180,482), after extraordinary debits of £4,000 (£14,509).

Mr. Peter Macadam, chairman, said later that it would be an advantage to have higher UK profits to overcome the ACT problem. Of the tobacco side in the UK he said the British launch in May last year of State Express brands had cost £5m and the initial penetration of the market had been excellent. The UK company was now in a period of consolidation and held some 6 per cent to 7 per cent of the king size market. More brands were to be launched he said, and a move into profit could take two or three years.

Christie-Tyler advances to £1.5m for first-half record

RECORD first-half profits were turned in by Christie-Tyler, the furniture manufacturer. Taxable profits for the six months to October 31, 1978, jumped from £111,000 to £1.52m. The previous first-half record was for 1975 when the group made £1.7m before tax. The directors point out that the interim figures for 1977 reflected abnormally difficult market conditions. Mr. George Williams, the chairman, says sales up to the middle of January were continuing at satisfactory levels and until the general industrial unrest started a record year looked certain.

However, in the present difficult conditions it is impossible to forecast group turnover and profits for the full year. For the whole of last year the group made taxable profits of £1.81m, after a second half recovery to profits of £1.7m. Turnover for the half year under review rose by 59 per cent from £18.68m to £29.74m. But in spite of the improvement in margins compared with those for the whole of the previous year, they are still under pressure in a very competitive market, say the directors. Tax takes £790,000, against £58,000. The net interim

WAREHOUSING SERVICE IN SWEDEN. A Swedish company has 8,000 sq. ft. of modern warehouse space available at Gothenburg for short or long let.

IDC recovers to £1.12m and still going ahead

FOLLOWING THE downturn experienced in 1977, pre-tax profits of IDC Group rose from £426,059 to £1,124,454 in the year to October 31, 1978, reflecting the recovery previously forecast. Turnover was up from £21.7m to £36.58m. The directors say the level of enquiries in the current year remains high, with confirmations satisfactory, and it is anticipated that further progress will be achieved. The group's liquidity is sound, they add. After tax of £540,000 (£237,978), earnings per 20p share are stated at 28.3p (8.8p), and diluted 22.1p (8.8p). The net dividend is stepped up from £.6061p to 7.6086p, making 10p (8.801p). The chairman and his family will receive the final: the company will therefore retain £71,033 in respect of this dividend which, with the interim waived, totals £33,097. Attributable profits are £584,454 (£188,084).

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BAT Industries up 4% before heavier tax slice

A SECOND half upturn in a taxable profit of £22m to £23m by BAT Industries left the group showing a 4 per cent advance in surplus from £416m to £433m for the year to September 30, 1978. However, almost entirely because of unrelieved advance corporation tax of £189m, compared with £158m, the net balance was down 5 per cent at £244m. Sales for the year were 7 per cent better at £658m (£621m) with £447m (£418m) from the tobacco division. Here a higher rate of volume growth was achieved as it increased its share of the free world markets, but profits, up 1 per cent at £350m, did not fully reflect the improvement owing to the initial cost of entry into the UK market. Duty included in tobacco turnover amounted to £2.55m (£2.33m). The paper division produced the best performance with a 15 per cent advance in profit from £53m to £61m of which £6m was derived from the inclusion of three months' better-than-expected results of Appleton Papers Division of NCR Corporation acquired by BAT in June 1978. The division's sales were 18 per cent up at £580m of which £25m was from Appleton.

Changes in the U.S. dollar exchange rate and the sale of Supermercados, Peg-Pag materially affected the results of the retail division where profit was held at £24m on turnover of £1.41bn (£1.39bn). Eliminating these factors, the directors point out that turnover was 16 per cent ahead and trading profits 17 per cent up. Improved performances from Gimbel and Saks Fifth Avenue in the U.S. was offset by lower profits from food retailing both in the U.K. and the U.S. Even after the benefit of some £4m surplus on property sales the UK food retailing subsidiary International Stores slumped from £5.55m pre-tax profit to a £1.04m loss as sales increased from £40m to £54.3m for 1977-78. Interest payments by this company were up from £1.44m to £3.5m. Its net balance emerged as a profit of £4.8m (£12.6m) after tax relief of £.534m (£7.11m). No dividend is to be paid by this subsidiary, compared with £2.5m last time. Cosmetics, the group's smallest division, returned to an upward profit trend with £5m against £3m on sales 11 per cent higher at £117m. Other activities returned a higher operating surplus of £59m (£45m). Overall group earnings per 25p share dipped from 71.2p to 68.2p but were underpinned by a fully diluted 'Unable to pay as much as hoped at mid-year because of continuing dividend restraint, the directors propose a net final of 51.2p lifting the total to a maximum permitted 14.5p (£10.1p). A first interim dividend of 4.84p (4.4p) is also declared for the current year. Group investment income for the year was unchanged at £81m but interest paid reached £66m (£57m) due largely to a full year's charge on borrowings for the acquisition in June 1977 of the international cigarette business of P. Lorillard of the U.S.

Table with 3 columns: 1978, 1977, £m. Rows include Sales, Trading profit, Investment income, Operating profit, Interest paid, etc.

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Syltone tops £0.7m at halfway

TAXABLE profits of Syltone jumped from £512,000 to £701,000 in the half year to September 30 1978 on turnover ahead from £5.5m to £6.32m. Pre-tax profits for the whole of last year totalled a record £1.04m, against £846,000. The group, which takes in engineering, pipe system supply and wholesale electrical distribution, is raising the interim dividend from 1.4p to 25p share to 1.5625p. The total last year was 5.6235p. Tax for the half year is up from £108,000 to £281,000. The cost of the interim dividend declared would normally be £48,180 (£42,637), but this has been reduced by waivers of £20,929 (£19,988).

Bertrams £0.67m profit

A PRE-TAX profit of £67.128 for the year to October 1, 1978, is reported by Bertrams paper and board machinery manufacturer. Last year the company made a loss of £238,640. After tax of £24,569 (credit

NAME CHANGE FOR FEDEX

It is proposed to change the name of Feedex to FedEx Agri-

NEW LIFE BUSINESS All-round advance at year end for Imperial Life of Canada

A 29 per cent rise in new annual premium life business in the UK is reported for 1978 by the Imperial Life Assurance Company of Canada. This amounted to £4.3m last year, against £3.3m in 1977. On ordinary life business new annual premiums advanced by 28 per cent from £2.44m to £3.13m, while on unlinked life business premiums were 44 per cent higher at £604,000 compared with £419,000. Group pensions business improved by 28 per cent to £885,000 following the introduction of the new State pension scheme, and permanent health contracts showed an 18 per cent rise to £183,000. In the Republic of Ireland, new annual premiums rose by 18 per cent from £940,000 to £1.1m, and single premiums by 4 per cent from £687,000 to £713,000. New sums assured in the UK and Ireland advanced 30 per cent from £188m to £244m, annuities per annum by 28 per cent from £3.56m to £4.57m and permanent health benefits by 27 per cent from £1.67m to £2.12m. The company has also announced increased rates of reversionary and terminal bonus on individual with-profit life and annuity contracts. The company, being a Canadian life company, operates a complex bonus system depending on several factors. But the new scales will cost 8 1/2 per cent more for reversionary bonuses, and 12 1/2 per cent more for terminal bonuses. Good results for new life business last year is reported by Confederation Life Insurance, with new annual premiums up by 47 per cent from £2.5m to £3.7m and single premiums advancing by 114 per cent from £625,000 to £1.34m. Growth in the annual premium business came in both individual and group pensions business, the overall premiums being split 50-50 between each type of business. On the single premium, good growth was recorded by the linked business, and the self-employed and executive pension sectors. But the largest growth has occurred in the company's promotion of its Capital Protection Plan which recorded sales up by 175 per cent. The company has also announced interest rates on its deposited administration accounts of 12.06 per cent for non-discretionary schemes and 11.46 per cent for discretionary schemes, including voluntary contribution schemes.

Table with 5 columns: Current payment, Date, Corres. payment, Total for year, Total last year. Rows include BAT Inds., Bertrams, Brengreen, Christie-Tyler, etc.

Moët-Hennessy

As announced at the Annual General Meeting on 29th June 1978, the Board of Directors at its meeting on 10th January 1979 decided to distribute an interim dividend of F 5.00 which will be paid on 31st January 1979 against presentation of coupon No. 25, together with the tax already paid to the Treasury (tax credit) of F2.50. The Board of Directors also noted the satisfactory situation at the close of the financial year 1978. In fact, the provisional consolidated turnover figures for the Group indicate an increase of 25 per cent.

Senior Secretaries. A perfect match for every boss. Telephone Juliet Hopburn on 666 1811 (City) or Diana Fawkes on 499 0082 (West End).

Reed International Limited. Consolidated Profit Statement for the 9 months ended 31st December 1978. Table showing 3 Months Ended (31.12.77, 31.12.78) and 9 Months Ended (31.12.78, 31.12.77) in £ million (unaudited). Rows include SALES, TRADING PROFIT, SHARE OF PROFITS OF ASSOCIATED COMPANIES, OPERATING PROFIT, INTEREST, PROFIT BEFORE TAXATION, TAXATION, PROFIT AFTER TAXATION, MINORITY INTERESTS, and EARNINGS PER ORDINARY SHARE OF £1.

Note: Overseas Operating Profit relates to the period ended 30th September 1978. REED INTERNATIONAL LIMITED REED HOUSE PICCADILLY LONDON W1A 1EJ

COMPANY NOTICES



DECCA LIMITED

INTERIM REPORT

Half year to 30th September, 1978

The profits of the Group for the half year to 30th September 1978, based on unaudited accounts, are set out below compared with the corresponding period of 1977 and the year 1977/78.

Table showing financial data for Decca Limited: Six months to 30th Sept. 1978, Six months to 30th Sept. 1977, and Year to 31st March 1978. Includes Capital Goods, Consumer Goods, and Total.

Table showing TRADING PROFIT before charging Depreciation, Interest and Taxation, and Less Depreciation and Amortisation.

Table showing PROFIT BEFORE INTEREST AND TAXATION, Less Interest Payable (net), and PROFIT BEFORE TAXATION.

Table showing PROFIT AFTER TAXATION, Attributable to Minority Shareholders in Subsidiaries.

Table showing PROFIT ATTRIBUTABLE TO DECCA LTD. RE-ORDINARY SHARES, Special items - net effect of changes in foreign exchange rates.

Table showing NET PROFIT ATTRIBUTABLE TO DECCA LTD. Comparative group figures for profit/(loss) before interest and taxation.

Table showing Capital Goods and Consumer Goods figures.

Table showing FRENCH FOR BUSINESS EXECUTIVES.

Table showing FRENCH FOR BUSINESS EXECUTIVES details.

The Directors have declared an interim dividend for the year to 31st March 1979 of 3.3p per share (same last year) on the Ordinary and 'A' Ordinary Shares.

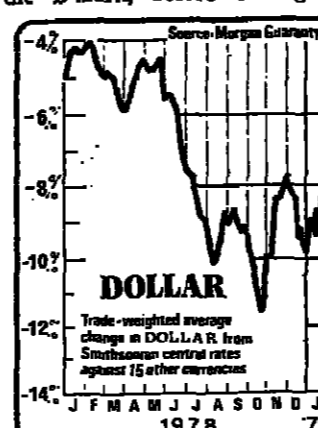
Severe industrial action in our Navigator and Radar companies has resulted in appreciably reduced group profits for the half year to September 1978.

Marine radar margins have narrowed and group profits for the year as a whole will be considerably lower than for the previous year.

CURRENCIES, MONEY and GOLD

Trade figures help dollar

The dollar finished below its best levels of the day, after gaining ground on publication of the U.S. trade figures for December. The deficit of \$2.04bn was slightly worse than the previous month, but may have been slightly better than expected in some quarters.



THE POUND SPOT and FORWARD AGAINST £. Table with columns for Jan. 30, Day's spread, Class, and Forward Against £ (6 months, 3 months, 1 month).

THE DOLLAR SPOT AND FORWARD. Table with columns for Jan. 30, Day's spread, Class, and Forward (6 months, 3 months, 1 month).

CURRENCY RATES and CURRENCY MOVEMENTS. Tables showing exchange rates for various currencies and their movements.

OTHER MARKETS. Table showing market data for various commodities and currencies.

DM 1.8630, compared with DM 1.8605 on Monday. The best level seen in terms of the Swiss franc was SwFr 1.6890, and the dollar closed at SwFr 1.6880.

STERLING'S trade-weighted index, as calculated by the Bank of England, rose to 62.8 from 63.4, and stood at 63.5 throughout.

NEW YORK. The dollar strengthened against other currencies after the announcement of a trade deficit of \$2.04bn for the U.S. in December.

AMSTERDAM. The dollar was fixed at Fl 2.0665 against the guilder, compared with Fl 2.0125 on Monday.

FRANKFURT. The dollar closed above the Y200 level against the yen for the first time this year, helped by buying from Japanese companies for import settlements.

PARIS. The dollar improved in late trading, as a reaction to the U.S. December trade figures, which were slightly better than expected.

FRANKFURT. The Bundesbank did not intervene when the dollar eased to DM 1.8583 against the D-mark at yesterday's fixing.

FRANKFURT. The dollar closed above the Y200 level against the yen for the first time this year, helped by buying from Japanese companies for import settlements.

EXCHANGE CROSS RATES

Table showing Exchange Cross Rates for various currencies including Pound Sterling, U.S. Dollar, Canadian Dollar, etc.

EURO-CURRENCY INTEREST RATES

Table showing Euro-currency interest rates for various currencies and terms.

INTERNATIONAL MONEY MARKET

Interest rates in New York tended to ease slightly yesterday, as the U.S. trade deficit for December met with a favourable reaction.

UK MONEY MARKET

Bank of England Minimum Lending Rate 13 1/2 per cent (since November 9, 1978). After an original forecast of a small surplus, the Bank of England eventually bought a small amount of Treasury bills.

LONDON MONEY RATES

Table showing London money rates for various currencies and terms.

Gold Weaker trend

Gold fell 94¢ to close at \$231.2314, the lowest level of the day, after a sharp opening at \$233.2344, and was fixed at \$233.65 in the morning and \$233.50 in the afternoon.

Small assistance

Bank of England Minimum Lending Rate 13 1/2 per cent (since November 9, 1978). After an original forecast of a small surplus, the Bank of England eventually bought a small amount of Treasury bills.

MONETARY RATES

Table showing Monetary Rates for various currencies and terms.

THE RANDPONTAIN ESTATES GOLD MINING COMPANY. DIVIDEND No. 87. ON SHARE WARRANTS TO BEARER. Pursuant to the notice published on 8th December 1978, members are informed that the dividend on their shares...

WEST RAND CONSOLIDATED MINES LTD. COUPON No. 95. HOLDERS OF SHARE WARRANTS TO BEARER. Pursuant to the notice published on 8th December 1978, members are informed that the dividend on their shares...

KONISHIROKU PHOTO INDUSTRY CO. LTD. NOTICE TO EDI HOLDERS. Further to Notice of December 13, 1978, the interim dividend of the company...

GENERAL INVESTMENT AND FINANCE CORPORATION LIMITED. NOTICE TO EDI HOLDERS. Further to Notice of December 13, 1978, the interim dividend of the company...

COTE D'AZUR. Exceptional -luxurious apartment (Penthouse), two floors in terrace form, small co-propriety, grand standing.

ISLAND IN VENICE. 7,000 sq. m. ground, with 18th century VILLA, dependence, keeper's house, port, wharf, garden.

EXCELLENT SELECTION OF FURNISHED HOUSES AND FLATS TO LET. NORTH WEST LONDON SUBURBS. Harrow, Wembley, Northwood, Edgware, etc.

BOND DRAWINGS. SOCIETE NAZIONALE DES CHEMINIERI FRANCAIS S.N.C.F. 7 1/2% 1979/80 Loans of US \$100,000,000.

BOND DRAWINGS. COMPAGNIE FINANCIERE ET INDUSTRIELLE DES AUTOMOBILES. We inform bondholders that bonds for a total amount of US \$400,000,000 were drawn on January 23, 1979.

LEGAL NOTICES. In the HIGH COURT OF JUSTICE (Chancery Division) Companies Court. In the Matter of: No. 00137 of 1979. TIMAR HAULAGE LIMITED.

LEGAL NOTICES. In the HIGH COURT OF JUSTICE (Chancery Division) Companies Court. In the Matter of: No. 00137 of 1979. DEBORAH AND CLARE LIMITED.

LEGAL NOTICES. In the HIGH COURT OF JUSTICE (Chancery Division) Companies Court. In the Matter of: No. 00137 of 1979. C.Y. FASHIONS LIMITED.

LEGAL NOTICES. In the HIGH COURT OF JUSTICE (Chancery Division) Companies Court. In the Matter of: No. 00137 of 1979. WARDEN OF GARDENS LIMITED.

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LEGAL NOTICES. In the HIGH COURT OF JUSTICE (Chancery Division) Companies Court. In the Matter of: No. 00137 of 1979. WARDEN OF GARDENS LIMITED.

INTERNATIONAL COMPANIES and FINANCE

Noranda set on an upward course

BY ROBERT GIBBENS, Montreal Correspondent

MAINLY BECAUSE of its name and long association with copper and zinc in Canada, Noranda Mines tends to be classified as a mining stock. But in the past 15 years it has been transformed into one of the country's largest resource groups, with a strong manufacturing arm, plus international operations including a growing stake in the U.S. primary aluminium and fabricating industries.

There are other reasons for watching Noranda. Argus Corporation, the big Toronto holding company founded by a Toronto financier, Mr. E. P. Taylor, and associates, and now tightly controlled by a group headed by 38-year-old Mr. Conrad Black, holds around 10 per cent of Noranda's outstanding shares through its Hollinger Mines affiliate.

The relationship between Argus and Noranda was cemented by the old management of Argus around 15 years ago. At that time there was speculation that Mr. Taylor was out for control of Noranda, but the stockholding through Hollinger has remained around 10 per cent—reduced recently from 10.7 per cent to about 9 per cent through the issue by Noranda of shares for consolidation of certain mining subsidiaries.

This was about the time when Mr. John Bradford, the well-

known Canadian mining engineer who had been with Noranda since the early days and development of the old Horne copper mine in north-western Quebec, handed over the presidency to Mr. Alfred Powis, with a mandate to turn the company into a fully rounded resource and manufacturing concern with international ramifications.

The market gossip for some time has been that the new group at Argus—which controls the troubled Massey-Ferguson farm machinery giant, and several other companies besides Hollinger—wants an active say and a boardroom seat at Noranda. But Mr. Powis, the architect of Noranda's tremendous expansion, is said either to have refused or to have set strict conditions.

Noranda's earnings appear to be set on a solid upward course, barring a full North American recession.

Shareholder

Though Argus - Hollinger appears to be the largest single shareholder in Noranda, two Noranda associates, Placer Development, Vancouver, itself a large resource company, and Kerr Addison, an Ontario mining company, together hold more. And Noranda effectively controls Placer and Kerr. Hollinger itself grew from

the old Hollinger gold mine of Northern Ontario, now worked out. It controls Labrador Mining and Exploration and has a major stake in Iron Ore of Canada, the country's largest iron ore producer. It accumulates significant amounts of cash through iron ore mining royalties and dividends.

At end-1978 it showed no debt, but around \$50m in cash or equivalent, and analysts estimate amounts available for investing in such a target as Noranda from about \$150m-\$200m.

Hollinger recently made a sizeable move into oil and gas, investing around C\$40m in Bow Valley Industries C\$40m, Bow Valley is a Canadian and international energy company.

It is estimated that the total percentage of Noranda stock held by the immediate management group and associated companies amounts to about 15 per cent.

Noranda, with around C\$2bn assets, earned C\$87m on revenues of C\$1.5bn in 1977. Net profit, equal to C\$2.35 a share, was helped strongly by aluminium, manufacturing and forest products. The depression in most base metals prices since the commodity boom of 1973-74 held the company's profits down, but they are now climbing out of the trough.

Estimates for 1978 profits range around C\$4.50 a share,

with perhaps another C\$1 a share increase in 1979. The lower value of the Canadian dollar has been helping. Good contributions came from forest products and aluminium again in 1978, and also from lead, molybdenum and precious metals. These trends should continue in 1979 and copper and zinc prices should pick up.

Gold

Noranda group mineral production last year in Canada included 211,000 tons of copper, 422,000 tons of zinc, 74,000 tons of lead, 8.3m ounces of silver, 293,000 ounces of gold, 2.8m pounds of molybdenum and 1.5m tons of potash. It operates two copper smelters with 340,000 tons yearly capacity, one of the world's largest copper refineries (480,000 tons capacity) and a major zinc reduction plant (225,000 tons).

It makes copper and aluminium wire, and cable, a wide range of copper and copper-based alloy products, and aluminium wire, rod, foil and sheet besides primary ingot in Missouri.

It is a major producer of lumber, newspaper and fine paper through British Columbia Forest Products (jointly controlled with Mead Corp. of U.S.) and Northwood Pulp in the West and Fraser Companies in the East.

However Noranda has also been quietly investing in oil and gas for several years. It owns 32 per cent of Canadian Export Oil and Gas, Calgary, and 75 per cent of Canadian Hunter Exploration, whose gas finds at Elmworth, on the Alberta-British Columbia border near Grand Prairie, have already begun to influence the Canadian energy supply picture significantly.

The Canadian Hunter interest would be reduced to about 65 per cent under the recent farm-in deal with Imperial Oil (Exxon), which has a \$150m development programme. Cash flow from Elmworth is expected to start in the early 1980s.

Noranda has taken a strong technical lead in metallurgy, having developed the world's first continuous copper smelting and converting process. This is in operation at the Northwest Quebec smelter. It has shown higher metal recoveries and lower fuel consumption. The system has been licensed to Kennecott Copper and the first U.S. operation is due to start up shortly.

Uranium

Through its subsidiary Canada Wire and Cable, it has recently moved into fibre optics development, and has bought an interest in a U.S. firm with advanced manufacturing technology.

The group is also prominent in uranium through Agnew Lake Mines in Northern Ontario and active exploration programmes in many areas including Northern Saskatchewan. It operates a new nuclear tubing plant in Ontario. There are also uranium mining interests in Australia.

Besides selling its products in the U.S., Europe and many other countries, Noranda has large mineral exploration programmes in the U.S. is moving back into copper development in Chile, and owns a major stake in the Irish lead-zinc producer Tara. It participates in ocean mining development.

There are wire, tube, paper and board operations in the U.S., wire operations in Latin America, New Zealand, Australia and South Africa, fluorspar mining in Mexico, gold in Nicaragua, alumina in Guinea and copper interests through associate Placer Development in the Philippines.

In 1977 mining and metals provided the largest single proportion of earnings, followed by forest products, and then manufacturing and investments. The 1977-78 improvement in earnings and prospective gains in 1979 are enabling Noranda to handle its debt and capital spending programmes more comfortably. This will not be lost on the planners in the new Argus controlling group.

MIDDLE WITWATERSRAND (WESTERN AREAS) LIMITED

(Incorporated in the Republic of South Africa)

Interim Report for the Half-Year ended 31 December 1978

FINANCIAL RESULTS

The unaudited estimated consolidated financial results of the company and its subsidiaries for the above period are as follows:

Year ended	Half-years ended	1977	1977
30th June 1978	31 December 1978	R000	R000
4900	2899	2899	1940
3894	2442	1470	
17	4	14	
3877	2438	1456	
111	55	56	
3766	2383	1400	
Earnings per Ordinary share:			
— Including Profit on Realisation of Investments 24.6 cents 14.5 cents			
— Excluding Profit on Realisation of Investments 28.0 cents 13.0 cents			

No taxation was payable as the Company and its subsidiaries had no taxable income for the half-year.

DIVIDENDS PAID OR DECLARED DURING THE HALF-YEAR

Preference dividend No. 13 amounting to R55 000 (1977—R56 000) was paid in respect of the half-year on the 8 per cent Redeemable Cumulative Preference shares.

Final ordinary dividend No. 48 of 15 cents per share amounting to R1 431 000 for the year ended 30th June 1978 (1977—12.5 cents—R1 209 000) was declared in June and paid during the half-year.

Interim ordinary dividends No. 49 and 50 of 3.5 cents and 9 cents per share respectively, totalling R1 548 000 (1977—10 cents—R967 000) were declared in December 1978 payable in February 1979. The declaration was split in order to avoid any liability for undistributed profits tax.

INVESTMENTS

The market value of the listed investments of the Company and its subsidiaries at 31 December 1978 was R58 062 000 (1977—R54 566 000) compared with a book value of R17 341 000 (1977—R17 015 000). The book value of the unlisted investments of the Company and its subsidiaries at 31 December 1978 was R9 032 000 (1977—R8 282 000).

For and on behalf of the Board
Clive S. Menell, Chairman
W. E. Thomas, Directors

Registered Office: Anglovaal House, 56 Main Street, Johannesburg, 2001

London Secretaries: Anglo Transvaal Trustees Limited, 295 Regent Street, London W1R 6ST, 30 January, 1979.

NOTICE OF REDEMPTION
to the holders of
ORIENT LEASING (CARIBBEAN) N.V.
9 1/2% Guaranteed Notes 1981

Notice is hereby given that pursuant to the provisions of the notes, Manufacturers Hanover Limited, as Fiscal Agent, has selected for redemption on 15th February 1979 at 100% of the principal amount thereof US\$ 2,500,000 principal amount of said Notes bearing the following distinctive numbers:

2	158	372	500	618	777	950	1092	1196	1318
6	179	377	504	657	782	965	1102	1197	1319
9	180	378	510	660	785	967	1106	1200	1336
13	181	379	511	666	786	968	1109	1202	1345
15	187	383	516	674	787	968	1112	1203	1349
23	191	385	524	685	799	992	1113	1217	1353
29	220	387	527	697	807	993	1117	1219	1356
32	222	392	528	702	811	994	1118	1220	1367
35	223	394	530	703	819	999	1121	1224	1372
66	228	398	531	704	825	1004	1126	1225	1398
70	253	404	533	705	827	1006	1127	1230	1399
83	254	413	534	720	836	1011	1130	1239	1406
85	259	437	535	722	840	1013	1135	1243	1423
92	272	441	536	727	844	1019	1140	1244	1431
93	283	445	542	728	877	1023	1143	1247	1445
106	316	446	558	732	884	1026	1144	1249	1445
116	318	453	562	733	893	1033	1146	1256	1454
125	330	458	565	735	903	1038	1158	1265	1457
127	333	461	566	740	907	1045	1162	1263	1459
139	339	475	576	744	914	1054	1163	1294	1487
146	345	483	588	746	927	1056	1169	1295	1474
147	346	485	590	752	943	1063	1176	1301	1475
149	359	487	592	754	944	1069	1182	1303	1482
152	365	483	598	759	945	1081	1189	1307	1490
153	369	496	614	764	949	1086	1193	1315	1498

On 15th February, 1979, the notes designated above will become due and payable at the principal amount thereof in such coin or currency of the United States of America as is legal tender for the payment therein of public and private debts and will be paid upon surrender thereof at the Chase Manhattan Bank (National Association), Woolgate House, Coleman Street, London EC2P 2HD or at the option of the bearer but subject to any laws and regulations applicable thereto at the offices of Banque de Commerce S.A., 51/52 Avenue des Arts, Brussels; Chase Manhattan Bank Luxembourg S.A., 47 Boulevard Royal, Luxembourg; Chase Manhattan Bank (Switzerland), Genterstrasse 24, Postfach 102, 8027 Zurich; The Swiss Bank Limited, Garrard House, 31/45 Gresham Street, London EC2V 7ED.

Notes surrendered for redemption should have attached all unattached coupons appurtenant thereto. Coupons due 15th February 1979 should be detached and collected in the usual manner.

From 15th February, 1979, interest shall cease to accrue on the notes designated above for redemption.

ORIENT LEASING (CARIBBEAN) N.V.
by Manufacturers Hanover Limited
8 Princes Street,
London EC2P 2EN.

HAMBRO INTERNATIONAL BOND FUND

NOTICE OF DISTRIBUTION

For the accounting year ended 31st December 1978, a distribution of U.S.\$86.90 per 10 shares is payable from 14th February 1979, against presentation of Coupon No. 3 at any of the following offices:

Hambros Bank (Guernsey) Limited, P.O. Box 6, St. Julien's Court, St. Peter Port, Guernsey, Channel Islands.

Banque Internationale a Luxembourg, Boulevard Royal 2, Luxembourg.

Banque Bruxelles-Lambert S.A., 2 Rue de la Regence, B-1000 Brussels, Belgium.

By Order of the Fund Managers

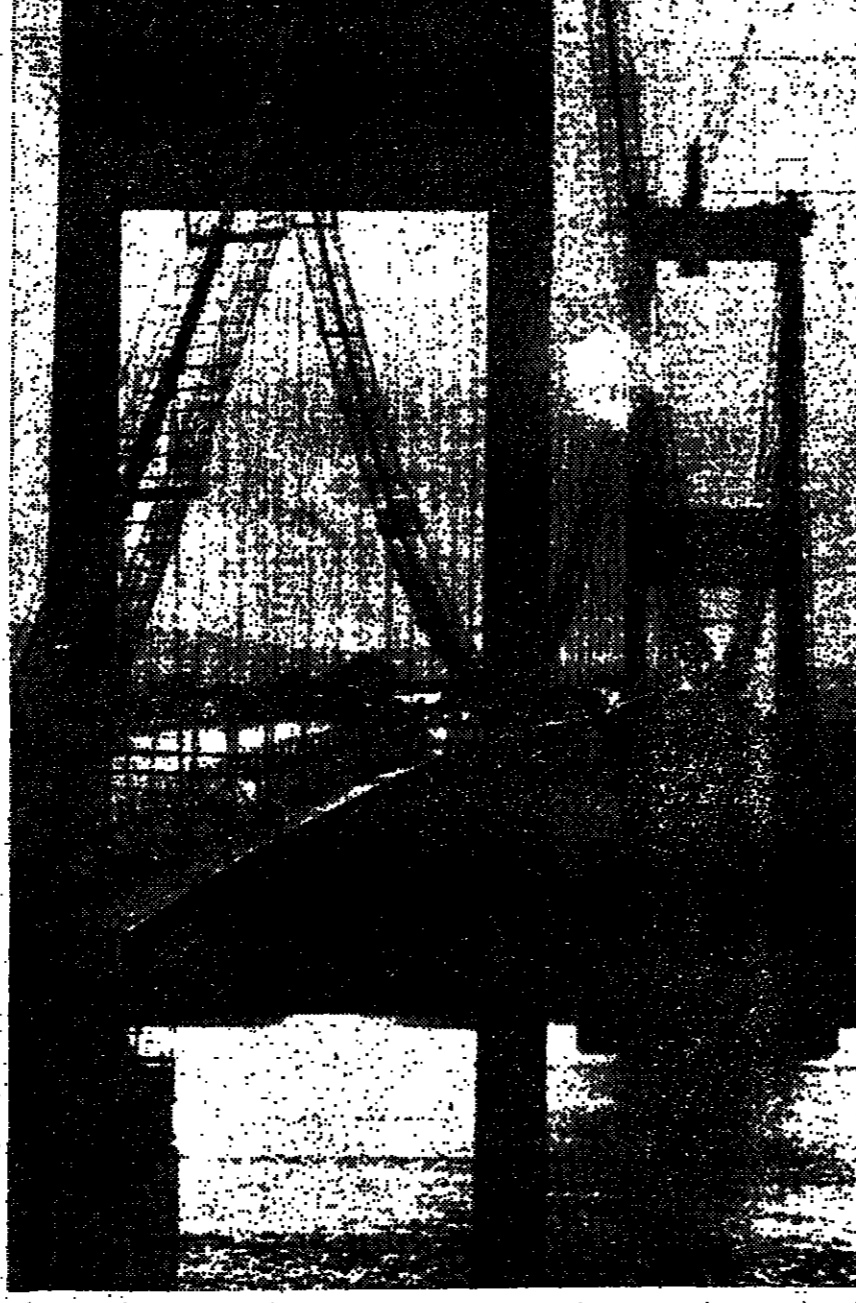
NOW YOU'VE READ THE FT. LISTEN TO IT.

THE FINANCIAL TIMES INDEX & BUSINESS NEWS SUMMARY

Look for the number in your phone book.

Post Office Telecommunications

Bob Day's tax bill is big enough to cover Britain's road-building programme.



As the Cost Accountant at Imperial Tobacco, Bob Day (amongst others) has the responsibility of making sure that the company is paying the right amount of Tobacco Duty to the Government.

And as tax contributions go, this one is pretty substantial.

"The point is that we don't just pay Corporation Tax through our parent company; with Tobacco Duty, we're acting as unpaid tax collectors on a massive scale. In fact, until the rules were changed at the beginning of 1978, we had to bear the financing cost of about £125 million that had been paid in duty for some weeks before we could recover it.

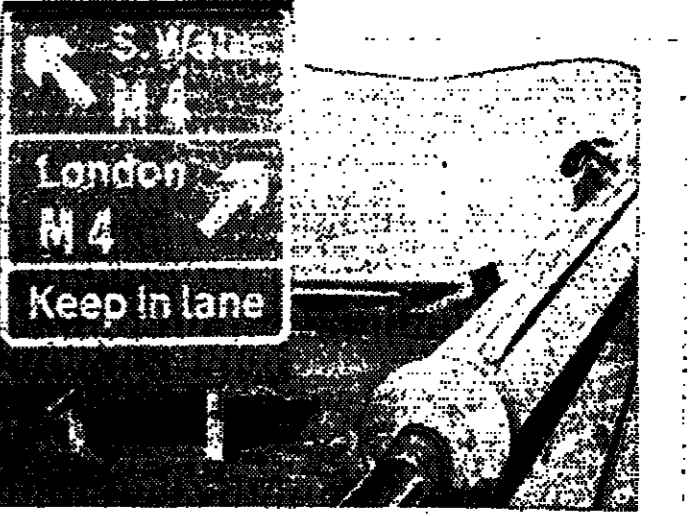
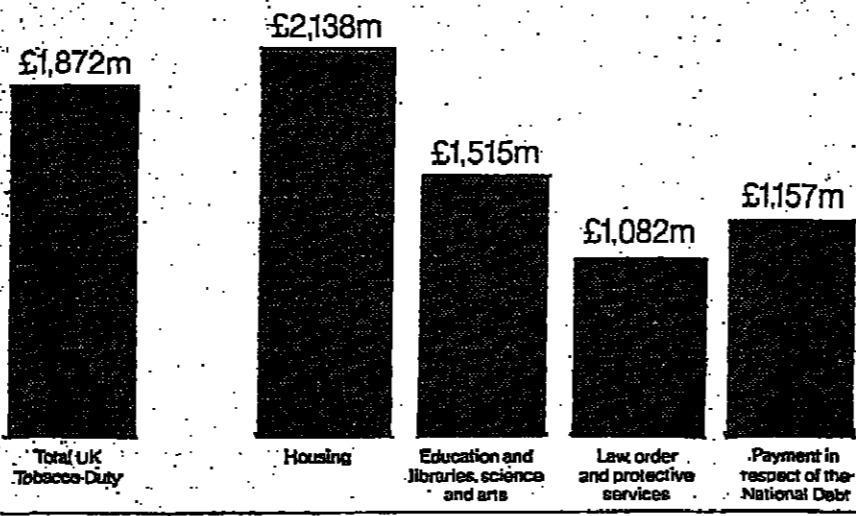
"But the thing that surprises most people is the sheer size of the sums involved. In our last financial year to October 31st, 1977, for example, we handed over more than £1,250 million in Tobacco Duty—which was a good deal more than the £825 million spent on motorways, trunk roads and local roads in the 1976/77 tax year.

"If one looks at the contribution by the tobacco industry as a whole in that tax year, it came to £1,872 million; nearly enough to pay for Government expenditure on housing (£2,138 million), more than enough to cover education (£1,515 million), the "law and order" services (£1,082 million) or even interest payments on the National Debt (£1,157 million).

"All this tax, of course, comes out of the pockets of our customers. But it does show what can be done when you make a product that people want, and that Chancellors can tax."

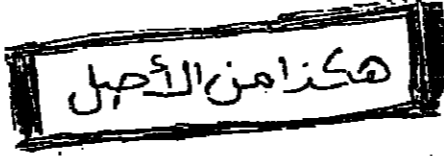
There's more to Imperial Tobacco than Tobacco Duty, of course. It's the major British-owned tobacco company in the UK market, a substantial creator of wealth, and an employer of over 20,000 people in the UK alone.

Income from Tobacco Duty and how it compares with some major Government expenditures in the tax year 1976/77.



Imperial Tobacco: people at work

Imperial Tobacco Limited—a member of Imperial Group Limited



Companies and Markets

INTERNATIONAL COMPANIES and FINANCE

NORTH AMERICAN NEWS

McGraw board to decide policy today on Amex bid

BY STEWART FLEMING IN NEW YORK

THE BOARD of publishers McGraw-Hill will face this morning with a decision on what policy to adopt towards the \$1bn merger offer which American Express proposed on Monday.

conglomerate, there is considerable uncertainty on Wall Street about how the company will respond.

To justify such a decision. They will be influenced no doubt by the advice on the financial implications of the American Express proposal from investment bank advisers Morgan Stanley, and on the legal implications from the law firms involved.

Management shake-up at Gimbel Bros. and Saks

BY JOHN WYLES IN NEW YORK

BROWN AND WILLIAMSON, the U.S. subsidiary of Britain's BAT Industries, has launched a radical management shake-up at its Gimbel Brothers and Saks Fifth Avenue department store chains.

the combined retail group whose sales will total \$1.6bn a year. President of the group will be Mr. Robert Sulow, who will also continue as president and chief executive at Saks.

Sidor to raise \$250m

BY ROSEMARY BURR

VENEZUELA's state steel company, Siderurgica del Orinoco (Sidor) is raising \$250m for the longest term yet achieved on a floating rate basis by a Venezuelan borrower.

is being arranged by Barclays Bank International and N. M. Rothschild and Sons.

Major developments at IBM

BY OUR NEW YORK CORRESPONDENT

INTERNATIONAL BUSINESS Machines, the world's leading computer manufacturer, yesterday released details of major new developments which promise to intensify competition in the computer industry.

characterised as the "unbundling" of charges for software services.

Stone ends talks with Boise Cascade

BY OUR NEW YORK CORRESPONDENT

STONE CONTAINER, a U.S. manufacturer of corrugated cartons and paperboard, said it had broken off merger talks with forest products group Boise Cascade, because of the possibility of rival offers.

Interest in Domtex

Domion Textile, Canada's largest diversified textile manufacturer, with major interests in the U.S., says an unidentified group of investors has "indicated its intention" to buy a "sizeable number of shares" probably by tender offer in the near future, our Montreal correspondent writes.

ASHLAND OIL'S DIVESTITURE PLAN

A bold bid to boost profitability

BY DAVID LASCELLES IN NEW YORK

WHEN ASHLAND OIL, the 15th largest U.S. oil company, announced last summer that it wanted to sell off its oil producing properties, the news was greeted with a mixture of shock and incredulity.

return, and the below average price-earnings ratio of its shares.

Six months later, Ashland has already embarked on its new course. A progress report of sorts came out of the annual meeting at its Kentucky headquarters last week, though it threw up few clues to the most exciting question of all: how Ashland proposes to spend the \$1bn the divestiture will bring.

Today, this stands at six against manufacturing's 10. So they set about trying to improve it.

Annual sales of over \$5bn made it, in the words of its chairman, Mr. Orrin Atkins, a "small giant" compared to Exxon (sales over \$50bn). Looked at the other way, though, it was also a big midget, with seven refineries in the U.S. and the leading market share in oil products in many of the states in which it operated.

Promising On the other hand, Ashland had what it believed to be an efficient and promising refining and marketing business, as well as some healthy petroleum chemicals division, and large reserves of coal which it believed must play a big role in future U.S. energy policy.

Merrill Lynch helped by White Weld purchase

BY OUR NEW YORK STAFF

MERRILL LYNCH and Co., the largest securities firm in the U.S., yesterday confirmed that its commission revenues for the period by 43 per cent.

EUROBONDS Note issue expected from Sears

BY FRANCIS GHILES

SEARS ROEBUCK, the New York department store, is expected to announce a three-year note issue later today.

ing, Ashland also took into account the increasing cost and difficulty of oil exploration, particularly abroad and offshore.

He commented, "We anticipated our strategy of expanding our refining capacity and installing the required facilities to manufacture gasoline will be many benefits for us in future years as petroleum product shortages become a reality."

Underlying Ashland's new strategy was the conviction that supplies of petrol and refined products in the U.S. will get extremely tight over the next five to ten years, mainly because environmental controls have made it virtually impossible to build new refineries, and that the prospects for anyone already in that market are therefore extremely good.

First step Ashland claims that its refining capacity is so diverse that it can market all portions of the oil barrel at a profit, not just one or two oil products.

ducts division to Schering of West Germany for \$600m.

He also mentioned the possibility of acquisitions, but promised shareholders that any moves in this direction would be made cautiously.

AMERICAN QUARTERLIES

Table with columns for company name, quarter, and financial metrics like Revenue, Net profits, and Net per share.

Table for AMERICAN TELEPHONE & TELEGRAPH with quarterly financial data.

Table for BRISTOL MYERS with quarterly financial data.

Table for CONTINENTAL OIL with quarterly financial data.

Table for GETTY OIL with quarterly financial data.

Table for E. F. HUTTON GROUP with quarterly financial data.

Table for HYVAC CORPORATION with quarterly financial data.

ALBANY INTERNATIONAL

Table for ALBANY INTERNATIONAL with quarterly financial data.

BULOVA WATCH

Table for BULOVA WATCH with quarterly financial data.

CLOROX

Table for CLOROX with quarterly financial data.

CONSOLIDATED FREIGHTWAYS

Table for CONSOLIDATED FREIGHTWAYS with quarterly financial data.

IDEAL BASIC INDUSTRIES

Table for IDEAL BASIC INDUSTRIES with quarterly financial data.

MAYTAG

Table for MAYTAG with quarterly financial data.

ODGEN CORPORATION

Table for ODGEN CORPORATION with quarterly financial data.

Large advertisement for Georgia-Pacific Corporation, Hudson Pulp & Paper Corp., and Smith Barney, Harris Upham & Co. Incorporated.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Large table listing international bond issues with columns for U.S. Dollar, Issued, Bid, Offer, Day, Week, Yield, and other details.

INTERNATIONAL COMPANIES and FINANCE

Companies and Markets

Banca Catalana absorbs latest banking failure

BY DAVID GARDNER IN BARCELONA

CATALONIA'S largest banking group, based on Banca Catalana, has stepped in to salvage the Banco Industrial del Mediterraneo (BIM) after the refusal of the latter's request to merge under the umbrella of the Corporacion Bancaria...

Losses at French steelmaker

BY TERRY DODSWORTH IN PARIS

THE HEAVY cost of reorganising the French steel industry has had a serious impact on the results of Denain Nord-Est Longwy, the holding company which used to control Usinor...

Societe Generale holds payment

By Giles Merritt in Brussels

THE LARGEST of Belgium's financial and industrial holdings companies, the Societe Generale de Belgique, has announced that net profits for 1978 are virtually unchanged from the previous year's level...

PLM earnings fall 17% but dividend unchanged

BY WILLIAM DULFORCE IN STOCKHOLM

PRE-TAX EARNINGS by PLM slumped by over 17 per cent to SKr55m (\$8m) in 1978, according to the preliminary report issued by the Malmo-based company...

Upturn for Swedish chemicals concern

BY OUR NORDIC EDITOR

PERSTORP'S Swedish chemicals concern, pro-tax earnings rose by 13 per cent to SKr 43m (\$9.5m) during the first four months of the financial year ended December 31...

Volvo-Norway co-operation

BY OUR NORDIC EDITOR

VOLVO, of Sweden, will go ahead with plans to develop a new car model, part of the development work of which will take place in Norway...

Provisions by Norwegian bank

BY FAY GJESTER IN NORWAY

ANDRESENS BANK, Norway's fourth largest commercial bank, is not paying a dividend for 1978 compared to 9.5 per cent handed to shareholders in 1977...

FOREIGN BANKS IN JAPAN

Coming to terms with the squeeze

BY RICHARD HANSON IN TOKYO

In a bid to head off outside criticism that foreign banks are subject to unfair curbs on their business, Japanese monetary authorities are taking steps to ease their position...

TOP TEN FOREIGN BANKS IN JAPAN

Table with 4 columns: Rank, Bank Name, Loans Ybn, Percentage change from previous half, Previous ranking. Lists banks like Citibank, Chase Manhattan, Bank of America, etc.

The latest compilation of foreign bank balance sheets reveals that loans and bills discounted in the half-year ended September 30 fell for all banks by 5.6 per cent to Y3,208bn (\$18bn) after a 6.4 per cent drop in the March half-year...

FOREIGN BANKERS IN TOKYO

FOREIGN BANKERS in Tokyo can foresee some thinning of their 60-strong ranks over the next few years. Just as in Europe, it is becoming evident that withdrawal may be the wisest strategy for the slow-growth decade to come...

like foreign exchange

like foreign exchange (perhaps the best performer last year as the yen appreciated sharply) and new fields like consumer financing...

Optimists in the foreign banking community

Optimists in the foreign banking community can always hope that dollar loan demand will recover miraculously and bring the spreads up from the now standard 0.5 per cent...

Peko-Wallsend emerges as bidder for Sims

BY JAMES FORTH IN SYDNEY

PEKO-WALLSEND, the mining and industrial group, has confirmed that it is the bidder for Sims Consolidated, the diversified industrial company...

G. J. Coles raises earnings

By Our Sydney Correspondent

G. J. COLES, a major Australian retail group, boosted profits by nearly 19 per cent in the December half-year from A\$24.2m to A\$28.9m...

Record profits at Sanyo despite sales setback

BY YOKO SHIBATA IN TOKYO

SANYO ELECTRIC COMPANY, a major integrated manufacturer of household electric appliances, to the year ended November reported record operating profits of Y30.6bn (\$103.2m), up 5.6 per cent...

Lean said that Sims' investments in Formit and hardware retailing at present had no notable parallels in Peko. There had been no decision regarding these activities...

Mr. J. H. Broinowski, the chairman of Sims, said a successful merger would allow Sims to speed up its expansion programme which had been curtailed by liquidity problems...

Westfield plans asset sales

BY OUR SYDNEY CORRESPONDENT

THE PROPOSED reconstruction of Westfield, the property group, appears to be on a larger scale than originally indicated...

Coles said it had managed to keep ahead of budget each month and ended the period well ahead of expectation. The most significant effect of the K-Mart consolidation was on profit margins...

AS 174m. The net assets will be sold to a property trust for A\$ 100m. The remaining A\$ 74m will be used to pay off mortgages over properties bought by the trust to ensure that it ends up with unencumbered assets.

GENOSSENSCHAFTLICHE ZENTRALBANK AKTIENGESELLSCHAFT Vienna. U.S. \$25,000,000 Floating Rate Notes Due 1981. For the six months 31st January, 1979 to 31st July, 1979 the Notes will carry an interest rate of 11 1/2 per cent per annum.

SVENSKA HANDELSBANKEN US\$30,000,000 9 1/2% Bond Loan 1976/86. Notice is hereby given that pursuant to paragraph 4 of the terms and conditions the amount of US\$1,000,000 for redemption as per March 31, 1979 will be withdrawn from the Sinking Fund.

THE MITSUI BANK, LIMITED LONDON BRANCH. Due to extensive modernisation of our premises at 34/35 King Street, London EC2, as from MONDAY, 5th FEBRUARY, 1979, we shall be moving for a period of approximately one year to temporary offices at: PRINCES HOUSE, 93 GRESHAM STREET, LONDON EC2V 7NA.

BUILDING SOCIETY INTEREST RATES. GREENWICH (01-858 8212) LONDON GOLDBANK (01-995 8321). 281 Greenwich High Road, Greenwich SE10 8NL. 15/17 Chiswick High Road, London W4 2NG.

WORLD STOCK MARKETS

Companies and Markets

Wall St. narrowly mixed at mid-session

INVESTMENT DOLLAR PREMIUM \$2.60 to \$1.92% (93.1%)... THERE WAS no decided trend established on Wall Street yesterday morning and stocks recorded narrow mixed movements at mid-session after another moderate advance.

Closing prices and market reports were not available for this edition. trade deficit expanded to \$2.04bn from \$1.95bn in November... Analysts however, noted that although the trade balance worsened slightly, it was not as bad as some had expected.

NEW YORK Stock market table with columns for Stock, Jan 29, Jan 30, Jan 31. Includes companies like Abbott Labs, Alcoa, Amstar, etc.

Outdoor Sports and distribute the proceeds to shareholders. Outdoor Sports rose 1 1/2 to \$101. Canadian Hill retreated 1/2 to \$16 and Huffy 1/2 to \$10.

Canada A seven-week old advance, which has lifted markets to record levels, ended abruptly yesterday as share prices sagged in active early trading.

Germany Worry about the situation in Iran and a rise in West German interest rates contributed to a reactionary trend in Bourse prices yesterday, although stocks mainly finished above the day's opening.

Tokyo The market closed lower for the first time in eight sessions after late profit-taking more than erased an initial fresh gain.

CANADA Stock market table with columns for Stock, Jan 29, Jan 30, Jan 31. Includes companies like Abitibi Paper, Alcan, etc.

DM 1.00 and DM 2.00, with Karstadt down DM 2.00 and Neckermann of DM1.50. Among Swiss, Bayerische Vereinsbank declined DM 5.00 and Deutsche Bank lost DM 1.00.

Switzerland The recent uptrend continued over a wide front in heavy dealing in the Domestic Bond Market.

Australia Markets returned from the holiday lengthened weekend on an easier note, sentiment dampened by the December quarter Consumer Price Index rise and lower overnight trends.

Hong Kong Market remained closed for the Chinese New Year holiday.

GERMANY Stock market table with columns for Price, + or - Div. Yld. %.

Indices

NEW YORK - DOW JONES Table with columns for Jan 29, Jan 30, Jan 31, High, Low, 1978-79, Since Comp'l'tn.

STANDARD AND POORS Table with columns for Jan 29, Jan 30, Jan 31, High, Low, 1978-79, Since Comp'l'tn.

Ind. Div. Yield % Table with columns for Jan 29, Jan 30, Jan 31, 1978-79, Year ago approx.

LONG GOV. BOND YIELD Table with columns for Jan 29, Jan 30, Jan 31, 1978-79, Year ago approx.

Rises and Falls Table with columns for Jan 29, Jan 30, Jan 31, 1978-79, Year ago approx.

MONDAY'S ACTIVE STOCKS Table with columns for Stock, Price, + or - Div. Yld. %.

BRASIL Stock market table with columns for Price, + or - Div. Yld. %.

EUROPEAN OPTIONS EXCHANGE Table with columns for Series, Vol. April, Last, Vol. July, Last, Vol. Oct, Last, Stock.

BASE LENDING RATES Table with columns for Bank, Rate.

AMSTERDAM Stock market table with columns for Price, + or - Div. Yld. %.

COPENHAGEN Stock market table with columns for Price, + or - Div. Yld. %.

AUSTRALIA Stock market table with columns for Price, + or - Div. Yld. %.

SWITZERLAND Stock market table with columns for Price, + or - Div. Yld. %.

SPAIN Stock market table with columns for Price, + or - Div. Yld. %.

COMMODITIES AND AGRICULTURE

Companies and Markets

Cuba sugar harvest off to bad start

HAVANA—The new season sugar harvest has got off to a disappointing start, according to sugar officials here. They blame heavy rains for the difficulties that have led to a shortfall in the production of raw sugar.

No output figures have been published, but Granma, the Communist Party newspaper indicates that some major sugar areas are producing only about 80 per cent of their expected goals while others in Eastern Cuba are reporting only slightly better results.

Crude sugar production goals for the present harvest are estimated to be at least 7.5m tonnes compared with 7.35m tonnes in the previous year. The rains have had a devastating effect on the productivity of the mechanical cane cutters which are expected to cut half of Cuba's sugar crop this year.

Even days after the downfalls the heavy machines in Eastern Cuba are reporting only slightly better results. In Camaguey Province, one of Cuba's major sugar producing regions, an unprecedented 90 millimetres of rain fell in the first 20 days of January.

Cane cutting machines in the province achieved less than 70 per cent of their production targets. In the Minas district, which has two sugar mills that should process about 25m pounds of sugar cane every day, the 59 mechanized harvesters have been totally inoperative because of the swamplike conditions.

The British catching performance in near and middle water grounds was much better. Landings of 142,499 tonnes were 42 per cent higher than in the previous 12 months.

Fresh falls expected in world cocoa prices

BY RICHARD MOONEY

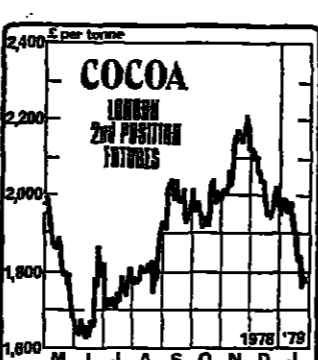
MOST LONDON traders expect the cocoa market to resume its recent downturn after it failed yesterday to rise through on Monday's price rally.

Monday's rise had been encouraged by forecasts of a low Ghanaian maincrop purchase figure and these predictions were confirmed yesterday when the Cocoa Marketing Board announced that purchases in the 16th week of the current season (ended January 25) totalled only 6,340 tonnes compared with more than 10,000 tonnes in the previous week.

The cumulative Ghana crop total now stands at 227,873 tonnes, still over 12,000 tonnes short of the predicted level. But dealers responded to the news by marking prices lower and the May position slipped to £1,763 a tonne during the morning before ending the day 26 down on balance at £1,776.5 a tonne.

Market sources said traders who had bought cocoa on the strength of the expected lower purchase figure appeared anxious to take their profits. They also noted that some observers suspected the low figure did not include purchases from the Western and Volta regions. If this is the case next week's official total could be much higher.

The main reason for the persistent "bearish" mood of the market is growing evidence of increased availability of cocoa from West African origins. The official Ghanaian crop is expected to yield a further 20,000 to 30,000 tonnes while an additional 15,000 to 20,000 tonnes are estimated to have



ben smuggled across the border into the Ivory Coast, where higher prices are paid. The smuggling of Ghana cocoa, which local sources say amounts to some 40,000 tonnes last year, is believed to have been reduced earlier in the current season following the doubling of prices paid to Ghanaian growers. But the illegal trade has increased again in the last two months, the sources claim.

Even discounting the smuggled cocoa, Ghana's main crop is expected to be recorded at around 250,000 tonnes. The Ivory Coast is expected to produce about 240,000 tonnes from its main crop compared with 265,000 last year, making a total of around 280,000 tonnes against 280,000 in 1977-78.

The other important factor depressing the market is the disappointing consumption pattern of the major buyers of cocoa. Demand for cocoa has been predicted but the latest round of major grindings figures indicated a minor increase in usage during the final quarter of last year.

While milk production in developing countries may accelerate this year, the FAO report predicts that it will be limited by the impact of world dairy surpluses. Milk output has stagnated recently even in countries with excellent potential for dairying such as Chile and Argentina. Argentina, a traditional dairy exporter, has now become an importer.

Big rise in cost of cobalt

By Our Commodities Editor

ZAMBIA STATE metals trading company, Sozacom, confirmed yesterday it was raising its producer price for cobalt following the increase announced by Zambia last Friday.

However, like Zambia, Sozacom pledged that it will keep the new price unchanged for six months. That is not certain is how far this pledge of stability, which is aimed at restoring confidence in the cobalt market, will apply against changes in exchange rates.

Sozacom is raising its North American price by the same amount as Zambia from \$20 to \$25 a pound, effective February 1. But its world price, outside the U.S., based on Belgian francs, is going up by 20 per cent from BF1,250 to BF1,500 a kilo.

This means that at present exchange rates the UK price, which is calculated on the parity between sterling and the Belgian franc on a daily basis, will rise to about £28,500 a tonne compared with £23,000 at present.

A year ago, prior to the invasion of the Shaba province in Zaire which normally provides the bulk of the world cobalt supplies, the UK producer price was £7,500. Cobalt sold on the free market—that is, supplies available mainly from merchants—reached \$50 a pound

Imports rise as beef herd falls

BY RIK TURNER IN SAO PAULO

IN THE early 1970s Brazil was a major beef exporter, her meat fetching prices equal to and on occasions higher than Argentine beef.

Nowadays she is having to import from her neighbours and one-time competitors. 70,000 tonnes of beef from Argentina and 40,000 from Uruguay last year. A buyer in a leading cold storage firm estimated recently that as much as 200,000 tonnes may have to be imported this year—the same amount Brazil was able to export in 1977-78.

Domestic consumption has remained fairly constant over the last few years, reaching 22 kilos a head in 1978. There are areas such as the Amazon Basin and the poor North East states where beef is not popular. Others have taken to reducing their herds to push up the price in an attempt to force the Government to change its policy.

Between 1976 and 1978, 6m cows were slaughtered rather than kept for breeding, and the total herd is now down to 90-95m. As a result the 1975 figure of 100m. As a result the price to the abattoirs went up last year from Cruzeros 185 (£4.50 approximately) for 15 kilos to Cr. 500 (£12). A source in the industry thought that most slaughterhouses were "only surviving", but not making any money.

General J. B. Figueiredo, Brazil's President Elect, has promised ample support to the agricultural sector when he comes into office in March, and the present Government has already shown signs of responding to pressure from the industry for change. In recent weeks the supermarket price has twice been allowed to rise, resulting in an overall increase of 50 per cent in 35 days.

U.S. copper price increase

By Our Commodities Editor

COPPER prices rose initially on the London Metal Exchange yesterday following news that Phelps Dodge had followed Duval Mining in raising its U.S. domestic copper price by 3 cents to 80 cents a pound.

However when the three months' quotation rose above \$390 a tonne, briefly touching \$394 at one stage, heavy profit-taking sales came in and forced prices down again. As a result cash wirebars closed 66 lower at \$385.5 a tonne, and three months was £7 down at \$383.75.

U.S. copper prices have risen by 10 cents since mid-December reflecting buoyant demand and the fall in stocks. They are now at the highest level since 1974.

Profitable year for Spanish farmers

BY ROBERT GRAHAM IN MADRID

THANKS to favourable weather, Spain experienced in 1978 an exceptionally good agricultural year. According to figures just released by the Ministry of Agriculture, growth in this sector was 7.7 per cent. There was also a substantial 1.76

increase in agricultural incomes and in the financial resources available to farmers. Agriculture accounts for a 9 per cent of GDP but the strong performance of this sector helped underpin overall economic performance last year.

With industrial growth sluggish at 1.4 per cent and services held down to 3.5 per cent, agricultural growth raised the average to 3 per cent—almost 1 per cent greater than anticipated at the beginning of 1978.

BRITISH COMMODITY MARKETS

Table of commodity prices including BASE METALS (Copper, Tin, Lead), COPPER (Wirebars, Cathodes), ALUMINIUM (Primary, Secondary), ZINC (Primary, Secondary), and SILVER (Spot, 3 months). Includes L.G. Index Limited 01-331 3466 and Three month Lead 478-494.

LOCAL AUTHORITY BONDS

Every Saturday the Financial Times publishes a table giving details of Local Authority Bonds on offer to the public. For advertising details please ring Stephen Cooper 01-248 8000 Extn. 7008

COFFEE

Table of coffee prices including Robusta (C, S, M) and Arabica (C, S, M) for various origins like Brazil, Colombia, and Indonesia. Includes prices for coffee beans and coffee futures.

GRAINS

Table of grain prices including London Grain Futures (GAPFA) for wheat, barley, and oats. Includes prices for various grades and origins.

PRICE CHANGES

Table showing price changes for various commodities like Metals (Aluminum, Zinc, Lead), Soyabean Meal, and Sugar. Includes columns for commodity name, price, and change.

WOOL FUTURES

Table of wool futures prices for various grades and origins, including New Zealand and Australian wool.

EUROPEAN MARKETS

Table of European market prices for commodities like Wheat, Sugar, and Coffee. Includes prices for various grades and origins.

INDICES

Table of financial indices including Dow Jones, Moody's, and Reuters. Includes index values and percentage changes.

Egyptian cotton sales still suspended

CAIRO—Sales of cotton from the 1978 Egyptian crop remain suspended pending the publication of final crop figures, the Egyptian Cotton Commission said yesterday.

Contrasting market response to offer to lorry drivers
Equity leaders firmer but inflationary fears upset Gilts

Account Dealing Dates

*First Declared Last Account Dealings Dates
Jan. 15 Jan. 25 Jan. 25 Feb. 6

The cost of the latest wage offer to road haulage drivers was disregarded by equity sections in stock markets yesterday but quickly recognised by the gilt-edged market.

Equities chose also to ignore the CBI's gloomy deliberations on industrial trends as being quite predictable under the circumstances and leading shares, after initial hesitancy, went ahead in the late morning.

Dealers discredited reports that Imperial Chemical Industries shares had changed hands outside the market.

The upward tendency also benefited from a slight squeeze on bear positions opened only on Monday, but when this movement came to an end the leaders began to edge lower in contrast to the continuing firmness of many secondary stocks.

A further marginal improvement in trade-official markings totalled 4,555 compared with the previous day's 4,267.

British Funds of a longer maturity reacted to fears about increased inflation and higher interest rates; the rate on this week's batch of Local Authority yearling bonds rose from 12 1/2 to 12 3/4 per cent.

gains before dullness returned later. After being established at 94 1/2 yesterday, the new Variable coupon traded again at the same price but on a much smaller scale.

Central Assets Capital shares were introduced among recently-issued Fixed Interest and were quoted around 140.8.

Another fairly good two-way business was seen in the investment currency market but, with dollars around from South African gold share arbitrage operations, the premium eased to close 1/2 lower at 92 1/2 per cent.

Slightly more interest was shown in the Traded Option market yesterday with 505 contracts completed compared with the previous day's 411.

Arlen Electrical, formerly Enalon Plastics, which made a quietly impressive debut last week, pushed up 3 to 67p, compared with the placing price of 50 1/2 p per share.

Banks harder

Continuing to reflect favourable comment ahead of the dividend season, the major clearing banks edged further forward in their trading.

Merchants attracted scattered buying interest with Winttrust a beneficiary again at 81p, up 4.

Insurance Brokers moved a few pence higher in continuing response to Press comment.

Standing a couple of pence higher ahead of the annual results, IDC moved further ahead on the announcement of an impressive profits recovery to close 15 up at 145p.

Discount Houses

Proceedings in the Food sector continued to centre around selected secondary issues.

Proceedings in the Food sector continued to centre around selected secondary issues. Billards met further support in anticipation of the mid-term results due on February 7 and added 8 for a two-day gain of 13 to 236p while, in a thin market, Cartiers moved up 5 to 112p.

Reed higher

Among the quietly firm miscellaneous industrial leaders, Reed International stood out with a rise of 8 to 164p following a satisfactory third-quarter figures.

Motor sectors closed gently firm after a slack trade. In Distributors, British Car Auctions closed 1/2 better at a 1978-79 high of 66p as speculative support persisted despite the chairman's denial of a bid approach.

Shell Transport... 25p 11 568 +5 602 484

Following the disclosure that M and G Investment Management now holds over 11 per cent of the equity, Guthrie rose 4 to 49p.

ACTIVE STOCKS

Table with columns: Stock, Denomination, Closing price, Change, 1978-79, 1978-79 low, 1978-79 high.

Properties benefited from the effects of two, or possibly more, brokers' circulars on the sector's investment potential.

Anglo-Indonesian advanced 6 to 101p.

Oils quietly firm

Quiet but firm conditions prevailed in the Oil market. British Petroleum gradually edged higher to close around the day's best of 88p, up 8, while Shell ended similarly better at 568p.

Platinum reacted to profit-taking following the recent sharp gains. Rustenburg rose 1 to 220p, while Impala dropped 14 to 230p.

Rhodesians gained ground in front of the result of the referendum on one-man one-vote elections in April.

Scattered movements in the Trust sector were usually limited to a few pence either way.

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ACTIVE STOCKS

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FINANCIAL TIMES STOCK INDICES
Table with columns: Index, Jan. 30, Jan. 29, Jan. 28, Jan. 27, Jan. 26, Jan. 25, Jan. 24, Jan. 23, Jan. 22, Jan. 21, A Year Ago.

HIGHS AND LOWS
Table with columns: High, Low, High, Low, High, Low, High, Low.

NEW HIGHS AND LOWS FOR 1978/9
Table with columns: Stock, High, Low, High, Low, High, Low, High, Low.

OPTIONS
Table with columns: Deal, Last, Declared, Settled, For, Date.

APPOINTMENTS

Board post at Brown Brothers

Mr. R. E. Alden, director of aftermarket distribution, Dana Engineering, has been appointed director of BROWN

Mr. G. P. Cooper has been appointed company secretary of TRANSPARENT PAPER.

STOHERT AND PITT has formed three separate divisions - cranes, contractors plant, and general engineering.

Mr. Peter Wood, at present an assistant director of BARCLAYS MERCHANT BANK, has been appointed treasurer.

Mr. B. R. Marsh, Mr. D. Prince and Mr. P. E. Watson have been appointed deputy chairmen of BAIN DAWEY LTD.

Mr. J. M. Dennis and Mr. G. D. Holmes have been appointed directors of HENLYS.

Sir Herbert Bennett has retired from the Board of the ENGLISH PROPERTY CORPORATION.

Francois Druet and a Groupe Mediterranee for the project Palais des Festivals et des Congres, Cannes.

Mr. William S. Wesson, managing director of BOWATER-SCOTT CORPORATION, has taken over the additional position of chairman of Citibank AG Frankfurt.

Captain O. O. Thomas is to become the BAUN AND SAVILL LINE on February 1 and on that date will relinquish his executive responsibilities with the general shipping division of the Furness Withy Group.

Mr. P. T. Willcox has been appointed a director of EGGAR FORRESTER.

Mr. Frederick D. Pettit will join CREDIT SUISSE FIRST BOSTON as a managing director on February 14.

Sir Herbert Bennett has retired from the Board of the ENGLISH PROPERTY CORPORATION.

member of the supervisory Board of Trinkhaus und Burkhart, Dusseldorf.

The SCIENCE RESEARCH COUNCIL has made the following organisational changes and staff appointments: CENTRAL OFFICE - Mr. A. J. Eglington is now director for the science and engineering divisions.

Mr. T. B. Collins, of Berger Jensen and Nicholson, has been appointed a director of A. G. STANLEY HOLDINGS.

Mr. Gerald Fairclough, a divisional director on the staff of the National Enterprise Board, has been appointed to the Board of the CAMBRIDGE INSTRUMENT COMPANY.

LONDON TRADED OPTIONS

Table with columns: Option, Expiry, Price, Closing offer, Vol., Closing offer, Vol., Closing offer, Vol., Equity close.

RECENT ISSUES

Table with columns: Issue Price, Par Value, Date, Stock, High, Low, Closing, Offer, Vol., Amount, Interest, Dividend, Yield, P/E Ratio.

EQUITIES

Table with columns: Issue Price, Par Value, Date, Stock, High, Low, Closing, Offer, Vol., Amount, Interest, Dividend, Yield, P/E Ratio.

FIXED INTEREST STOCKS

Table with columns: Issue Price, Par Value, Date, Stock, High, Low, Closing, Offer, Vol., Amount, Interest, Dividend, Yield, P/E Ratio.

"RIGHTS" OFFERS

Table with columns: Issue Price, Par Value, Date, Stock, High, Low, Closing, Offer, Vol., Amount, Interest, Dividend, Yield, P/E Ratio.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries.

Table with columns: EQUITY GROUPS & SUB-SECTIONS, Index No., Day's Change, Est. Earnings Yield, Gross Div. Yield, P/E Ratio, Index No., Index No., Index No., Index No., Index No., Year Ago.

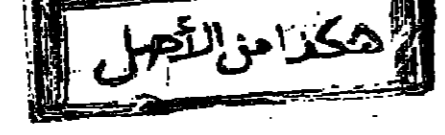
FIXED INTEREST PRICE INDICES

Table with columns: Index No., Day's Change, Est. Earnings Yield, Gross Div. Yield, P/E Ratio, Index No., Index No., Index No., Index No., Index No., Year Ago.

Table with columns: Index No., Day's Change, Est. Earnings Yield, Gross Div. Yield, P/E Ratio, Index No., Index No., Index No., Index No., Index No., Year Ago.

Notice of Redemption and Termination of Conversion Privilege
KOMATSU, LTD.
(Formerly Komatsu Manufacturing Co., Ltd.)
(Kobushiki Kaisha Komatsu Seisakusho)
6 1/4 % Convertible Debentures
Due June 30, 1984

NOTICE IS HEREBY GIVEN that, in accordance with the provisions of the Indenture dated as of June 1, 1969 between Komatsu Manufacturing Co., Ltd. (now KOMATSU LTD.) and First National City Bank (now Citibank, N.A.), Trustee (the "Indenture") under which the above-described Debentures were issued, the company has elected to exercise its right to call for redemption on March 1, 1979 all of its outstanding Debentures at a redemption price of 107 1/2% of the principal amount thereof together with accrued interest to the date fixed for redemption, entitling each holder of \$1000 Debenture to an aggregate payment of \$1035.50.



AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

Table of financial data for various unit trusts, including columns for fund names, managers, and performance metrics.

Table of financial data for various unit trusts, including columns for fund names, managers, and performance metrics.

Table of financial data for various unit trusts, including columns for fund names, managers, and performance metrics.

INSURANCE AND PROPERTY BONDS

Table of financial data for insurance and property bonds, including columns for company names, policies, and rates.

Table of financial data for insurance and property bonds, including columns for company names, policies, and rates.

Table titled 'INSURANCE BASE RATES' with columns for property and burglary coverage rates.

NOTES section containing additional information and disclaimers regarding the data presented.

CHRISTIE & CO. 32 Baker Street London W1 Telephone 01-486 4231

FT SHARE INFORMATION SERVICE

BONDS & RAILS - Cont.

BANKS & HP - Continued

CHEMICALS, PLASTICS - Cont.

ENGINEERING - Continued

BRITISH FUNDS

Shorts (Lives up to Five Years)

Table listing various fund shares, prices, and changes. Includes Treasury 1000, Treasury 500, etc.

Five to Fifteen Years

Table listing various fund shares, prices, and changes. Includes Treasury 1000, Treasury 500, etc.

Over Fifteen Years

Table listing various fund shares, prices, and changes. Includes Treasury 1000, Treasury 500, etc.

AMERICANS

Table listing American stocks and shares, prices, and changes. Includes ASA, American Express, etc.

BEERS, WINES AND SPIRITS

Table listing beer, wine, and spirit stocks, prices, and changes. Includes Allied Brews, Carlsberg, etc.

DRAPERY AND STORES

Table listing drapery and store stocks, prices, and changes. Includes Amus Day, Asquith's, etc.

BUILDING INDUSTRY, TIMBER AND ROADS

Table listing building, timber, and road stocks, prices, and changes. Includes Aberdeen Const, Ashford Const, etc.

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Table listing various industrial stocks, prices, and changes. Includes A.A.B., Aero, etc.

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Table listing public board and industrial loans, prices, and changes. Includes FFI 100, etc.

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Table listing chemical and plastic stocks, prices, and changes. Includes ICI, etc.

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FOOD, GROCERIES, ETC.

Table listing food and grocery stocks, prices, and changes. Includes Anglo Siam, etc.

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Busmen seek 20%: 1,000 dockers strike

BY NICK GARNETT AND LYNTON McLAIn

THE DETERMINATION of powerful groups within the Transport and General Workers Union to win pay settlements up to double last year's level was reinforced yesterday by passenger transport drivers and dockers.

Union leaders representing 140,000 drivers with nationalised and local authority bus services warned that they would not agree a settlement below that achieved by lorry drivers who are negotiating deals worth 20 per cent and more. Pay negotiations for the National Bus Company begin today.

At the same time, more than 1,000 dockers at Bristol, Grimsby and Immingham stopped work in protest at pay offers of about 5 per cent. Industrial action is likely to spread to other parts, most of which are due to settle with their workforces this month.

About half of Bristol's 1,300 dockers went on strike, although it was not clear how long this would last. At Grimsby and Immingham, the dockers are not due to discuss the position again for another week.

The latest disruption at the ports is being mounted as lorry drivers remove picket lines. Wage negotiations for the drivers in almost all regions of

U.S. trade deficit for last year at \$28.45bn peak

BY DAVID BUCHAN IN WASHINGTON

THE U.S. trade deficit reached a record \$28.45bn (£14.3bn) last year, nearly \$2bn above the previous peak in 1977.

The announcement of these worst-ever figures came yesterday with the release of the December trade deficit, which widened slightly over the previous month to reach \$2.04bn.

Mr. William G. Miller, chairman of the Federal Reserve Board, yesterday insisted however that "prospects for the U.S. trade balance this year are brightening." Yet the U.S. has now run a steady string of monthly deficits for nearly three years.

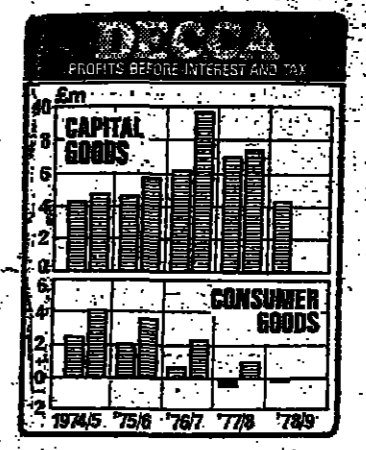
Despite this news, the dollar, which has proved vulnerable to announcements of the rawing U.S. trade gap in the past, seemed little affected by the news.

Since July 1978, the monthly deficits have hovered around the \$2bn mark while in the first half of 1978 they consistently exceeded that.

Last week, the U.S. Commerce Department forecast a 1979 deficit \$9bn lower than in 1978, chiefly because the U.S. economy is expected to grow less fast this year, and therefore import less. At the same time, its fast-growing trading partners are likely to increase their demand for American goods.

THE LEX COLUMN BAT overcomes the currency drag

Index rose 2.7 to 466.0



A revival in tobacco profits in the second half, together with useful growth in the paper side boosted by a final quarter contribution from the Appleton acquisition, has allowed BAT Industries to keep its nose in front once again. The pre-tax profits level, despite unfavourable currency movements, without which BAT would have shown a figure some £40m higher than the £433m now declared, there has been an advance of 4 per cent (and more like 11 per cent in the second six months). But the after tax picture is less attractive, for when the last two years have both been adjusted for the new deferred tax policy there is seen to have been an increase in the underlying tax burden. The main reason is a big jump in unrelieved Advance Corporation Tax, reflecting both higher dividends and a drop in UK profits, and the group's attributable profits have eased 7 per cent to £219m.

With International Stores slipping to a trading loss of some £5m BAT's returns from retailing are as meagre as ever—an operating margin of under 2 per cent on turnover of £1.12bn. There has been another solid performance in the tobacco division, however, which still contributes 70 per cent of operating profits. Thanks to price increases Brown and Williamson in the U.S. raised its dollar profits despite a further slip in its market share, and overall volume growth round the world has been good.

The share price was encouraged by the figures, climbing 13p to 298p where the yield on the restricted dividend is 7.4 per cent. On the basis of the second half performance pre-tax profits should rise to £560m or more this year, without allowing for the chance that currencies will start moving in the group's favour for a change.

FILB, which spent last year pulling out all the stops to prevent housing demand from being disappointed. It is expected to stabilise flows of funds into what has been an intrinsically volatile component of GNP. But counter-cyclical investment is tricky to time, and it looks as though the FILB is more housing starts than bargained for (over 2m) in 1978. Talk from the FILB about possibly rationing mortgage finance suggests that the monetary policy is being taken very seriously indeed. It may just have been that McKinney, speaking to British bankers about FILB borrowings, was saying things a might not have said back home.

Unit trusts

Predictably the Price Commission has turned a deaf ear to the unit trusts' plea for higher maximum charges though it leaves open the possibility that deregulation will certain safeguards might be in a better charging system. The Commission's notable for its lack of ideas on how to tackle trust industry's profitability. The Commission has been strongly impressed by that management profits have, in general, been made by largely been made by in units, and are high-able to market conditions that is that the investors will be squeezed their fate should not be decided by the interaction of cost inflation and the historical changes in structure.

With its Canadian intent with its share and making useful profits. Reed International has already been the level of its debt down tangible net worth from a figure of more than twice that of last year ago. The third quarter figures show a solid improvement in the group's operating profit in the UK, offset by a back abroad. Aside from the removal of about £4m in operating profit due to the safe-Nampek this drop reflects cost to Reed of withdrawal from Australia. The quarter is usually Reed's strongest, but the transport strike hit most of the company's operations. So the market is looking for pre-tax profits of two £85 and £90m compared with £81m last year.

TUC moderates call for voluntary pay restraint

BY CHRISTIAN TYLER, LABOUR EDITOR

AN ATTEMPT to swing the TUC back to a voluntary wage restraint policy is launched today by 12 members of the TUC general council normally associated with the Right-Wing or pro-incomes policy faction.

The "moderates manifesto" calls for long-term reform of collective bargaining, superintended by a national body like the old Prices and Incomes Board.

Many of the ideas in their joint document, A Better Way, echo suggestions put forward by the Confederation of British Industry, the Conservative Party, and some members of the Labour Government, for national wage determination on Continental lines.

Coming as it does in the middle of highly delicate political negotiations between the TUC and Government, this minority document is likely to cause a furor since it appears to contradict the TUC's official policy.

Its authors, who speak for themselves and not their union, contend that it is intended to widen the debate about pay policy and to influence this summer's trades union delegate conferences and the autumn Congress of the TUC.

The 12 general secretaries call for annual discussions on the economy, which would include the CBI, to set what they call an "indicative norm." Criteria would be drawn up for allowing certain groups to exceed that norm. The TUC would play a much greater part in supervising the bargaining round.

A new, independent agency should be set up to apply the policy to pay, prices, profits and dividends. This should be supported by tougher Government powers for freezing or cutting prices.

Where demands were large, and workers' demands consequently ambitious, some way should be found of rerouting those profits into investment, job creation, price cuts, or capital sharing schemes.

The authors criticise the TUC-Labour Party policy document, Into the Eighties, as ambiguous and bland. Pay policy has been "skimmed over," they say.

"Pay is a vital aspect of economic policy which cannot be ducked by the Labour movement. . . . Whatever the outcome of the current pay round, it is politically inconceivable

Interest rates

The chairman of the Fed welcomed the slowing down in the U.S. economy. Growth is estimated by the Administration to be about 2.5 per cent in real terms this year. Mr. Miller said the economy is expected to grow less fast this year, and therefore import less. At the same time, its fast-growing trading partners are likely to increase their demand for American goods.

Increase in unit trust fees rejected by Price Commission

BY EAMONN FINGLETON

THE UNIT trust industry suffered a major setback yesterday when its demand for higher management fees was rejected by the Price Commission.

The industry's income from charges and from gains made in dealing in units is sufficient, the commission concluded.

But a glimmer of hope for the industry appeared when the commission recommended the abolition of Department of Trade controls on charges in favour of a system which, it believes, would keep charges down by force of competition. The commission believes the new system, under which unit holders would be encouraged by better information to shop around for the best charges deal, would result in lower charges. But leaders of the industry last night predicted that it would mean charges would edge up from current uneconomically low levels.

To foster competition, the commission suggested that the industry's exemption from restrictive practices legislation should be ended.

The Unit Trust Association claims that the usual present annual charge of 2 per cent does not cover the routine expense of managing unit holders' investments.

The commission's rejection was based on the view that the annual charge should not be seen in isolation but in the light of the initial charge groups also make—5 per cent in most cases—and of the profits they make from dealing in units.

The commission found that the average unit trust has underperformed the stock market generally since 1973.

The Unit Trust Association said last night: "The Price Commission inquiry has produced no fresh arguments or insights on management charges."

Mr. Edgar Palmountain, chairman of the association, said last night that without higher charges, the small investor would be squeezed out of the stock market. Unit trust groups will have to raise the minimum investments they accept to £1,000 compared with an average of about £300 at present. The industry will also sell more insurance bonds, where charges are not restricted.

The Department of Trade last night said that it was opening talks with the association on the commission's conclusions.

Price Commission report
Page 5

U.S. monetary policy

With the credit markets looking anxiously for convincing signs that U.S. interest rates have really reached their peak, the Federal Reserve Board chairman was stressing yesterday that the growth rates of all the U.S. monetary aggregates are now within or below the Fed's target ranges.

In London, Mr. Robert McKimney, chairman of the Federal Home Loans bank system, said that if U.S. mortgage demand is strong enough to threaten a figure as high as 17m for 1979 housing starts, the FHLB will hold it down through rationing mortgages. This represents a significant change of direction for the

Decca

The market had steeled itself for dreadful news from Decca and the announcement of halved pre-tax profits for the six months to September 30 actually sent the price of the "A" shares up by 7p to 857p. Decca's immediate problem is that industrial disputes have this year disrupted the manufacture of electronic capital goods—radar, navigation and electronic warfare systems. Decca relies on this business for growth now that its consumer products con-

U.S.-Soviet arms curbs acceptable, Deng says

BY COLINA MACDOUGALL

CHINA DOES not oppose a new U.S.-Soviet strategic arms limitation agreement, although it has not modified its view of the Soviet Union's threat to world peace.

That emerged from talks today between President Jimmy Carter and Mr. Deng Xiaoping, Chinese Vice-Premier, who has indicated that he understands that such an agreement may be necessary.

It appears that Mr. Leonid Brezhnev, Soviet President, might visit Washington at the end of February to sign an arms agreement. President Carter recently confirmed that the Chinese Vice-Premier's visit had delayed the Soviet leader's projected trip.

However, the Chinese attitude to the Soviet Union, in talks with the American President, appears no different from their long-standing view that Moscow is bent on extending its power, with military might if necessary.

Mr. Deng's attacks on the Soviet Union and his call for an alliance with the U.S. and other Western powers "to place curbs on the polar bear," published here on Monday in Time magazine, appear to have been echoed in the talks with the President.

Speaking after a White House dinner in his honour on Monday, Mr. Deng recalled that in the joint statement on the establishment of normal relations between the two countries, both sides had agreed to oppose "hegemony" in the Pacific.

"Hegemony" is the Chinese code word for the threat that "Peking sees presented by the Soviet Union, that represents discreet pressure on the U.S. to see the global situation the Chinese way.

Neither President Carter nor

Continued from Page 1 Councils

water service workers could cost 60,000 jobs in local government.

Mr. Donnet described this as a "shocking" suggestion at a time of high unemployment. And Mr. Rusbridge wanted to see if there was some better way forward.

The employers are very aware, however, that the Government would only help pay for a productivity scheme if it were genuinely self-financing. While the employers support a longer-term pay comparability study provided it applies to their total staff, they do not see this as an alternative to getting the right settlement with manual workers now.

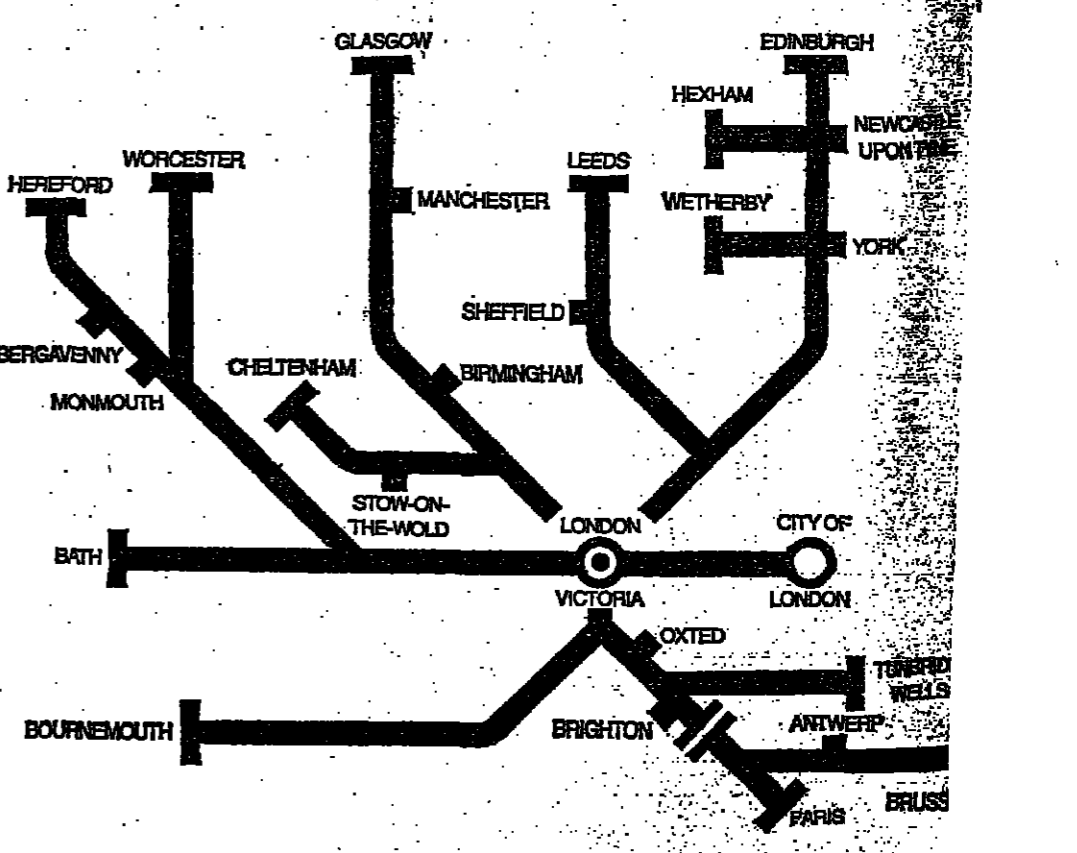
Mr. Gerry Gillman, general secretary of the Society of Civil and Public Servants, yesterday warned other public sector unions to beware of "embracing the mirage of promised comparability."

The Civil Service comparability system had been scrapped by Governments in favour of arbitrary pay limits when desired.

Mr. Ennals said in a statement yesterday that although union leaders had told their members to maintain essential health services, he was "most concerned that in some areas even emergency services are in danger."

The threat to patients' safety and well-being was so great in some areas that he had requested an immediate meeting with Mr. Alan Fisher, general secretary of the National Union of Public Employees, and Mr. Albert Spenswick, general secretary of the Confederation of Health Service Employees.

"I intend to impress upon them the seriousness of the position and the importance of ensuring that industrial action is kept under control."



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